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DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 1991

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

UNITED STATES SENATE

ONE HUNDRED FIRST CONGRESS

SECOND SESSION

ON

H.R. 5803/S. 3189

AN ACT MAKING APPROPRIATIONS FOR THE DEPARTMENT OF DEFENSE FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 1991, AND FOR OTHER PURPOSES

PART 5 (Pages 1–675)

Defense Management Reforms—Acquisition Initiatives
Health and Nursing Programs
Nondepartmental witnesses
Women in the Military and Enlisted Personnel Issues

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DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 1991

TUESDAY, MARCH 20, 1990

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 11:30 a.m., in room SD–192, Dirksen Senate Office Building, Hon. Daniel K. Inouye (chairman) presiding.

Present: Senator Inouye.

DEPARTMENT OF DEFENSE

HEALTH AND NURSING PROGRAMS

STATEMENT OF REAR ADM. ROBERT A. HALDER, MEDICAL CORPS, U.S. NAVY, COMMANDING OFFICER, NAVAL HOSPITAL, SAN DIEGO

OPENING REMARKS OF SENATOR INOUYE

Senator INOUYE. The subcommittee will please come to order.

We are pleased to welcome to the subcommittee the commanders of two of the military's finest medical centers, Rear Adm. Robert A. Halder of Naval Hospital, San Diego, and Maj. Gen. Vernon Chong of the Wilford Hall Air Force Medical Center, San Antonio.

I regret that because of scheduling difficulties we do not have a hospital commander from the Army with us this morning. We will be hearing from Gen. Girard Seitter of Tripler Army Medical Center at a hearing to be held next week.

May I offer my apologies for the sudden change in our hearing time. Late yesterday afternoon I was called for urgent consultations elsewhere this morning.

I am certainly aware that there is a great concern in the Congress over the rising cost of providing health care to the men and women of the military services, to their dependents, and to retirees.

We are committed to assuring the quality of health care to our military members, but we are also committed to finding ways to provide that care in the most cost-effective way possible.

I am hoping that as hospital commanders on the leading edge of military health care you may be able to suggest some ways for us that will enable us to continue to improve health-care services while at the same time reducing the cost of doing so.

We have received your complete statements and, without objection, they will be made part of the record.

But before we begin, may I congratulate you, Admiral Halder. I understand that you have been selected for another star. Congratulations. I am certain it is well-deserved, sir.

Admiral Halder. Thank you, Mr. Chairman.

Senator Inouye. Admiral, may we begin with your statement, sir?

HIGHLIGHTS OF STATEMENT

Admiral Halder. Yes, sir. Mr. Chairman, it is a pleasure to be here in Washington today to represent the starship of Navy medicine, the Naval Hospital in San Diego.

I have told you in my statement why I consider it to be the starship. Not only because it is the Navy's most technologically advanced facility, but primarily because I have an inordinate number of superstars on my staff, people who have corralled their careers around an opportunity to be at that magnificent facility.

A couple of years ago the Surgeon General brought to the attention of line Navy the fact that Navy medicine was like an anemic patient and needed some blood—a transfusion and some iron therapy for a fix.

SAN DIEGO NAVAL HOSPITAL

The past couple of years has seen some dramatic turnarounds in Navy medicine, and because of those turnarounds the Surgeon General was able to report back in September of this past year the fact that the workload statistics throughout Navy medicine had taken an upturn. The San Diego Naval Hospital has been a major contributor to this change.

The facility is now 2 years old, built at a cost of one-third of $1 billion, with almost 100 million dollars' worth of new technology. We are right now running at an 80-percent occupancy rate for our in-patients primarily because of staff limitations.

We are on the forefront of a new philosophy in Federal health-care management, a philosophy which features creativity and innovation, certainly communication and cooperation. We have taken the traditional roles of military providers augmented by civil service providers and standard CHAMPUS and expanded into some new areas heretofore unknown.

We have a very significant contract initiative in southern California. Because of the good graces of Congress we have been able to open two NAVCARE clinics which are providing a significant amount of primary care support. We have a pharmacy, which we call NAVPHARM, which is a contract pharmacy which is filling prescriptions away from the big hospital, taking that service on the road to where the beneficiaries are.

PARTNERSHIP PROGRAM

In addition, we have taken a program that is several years old and rejuvenated it. It is called the Partnership Program, a program in which CHAMPUS providers come into our facility, use our electricity and heat, in exchange for seeing CHAMPUS-eligible patients in our facility vice their offices and the patients pay no co-payment or deductible. That has contributed significantly to the number of primary care patients in particular that we have been able to see.

Of course, in addition to that, we have been able to expand that program in an agreement with the Health Care Financing Administration [HCFA] of HHS, in which those CHAMPUS providers in our hospitals are actually able to see on a space-available basis Medicare eligibles—that is, patients over the age of 65 who are military beneficiaries—in exchange for which the provider bills HCFA and again the patient shares in no copayment or deductible. So it is sort of like one-stop shopping. The patient comes in the door, irrespective of age or category, and has a unique opportunity to see these CHAMPUS providers.

Of course, as you are well aware, San Diego is in California and shares with Hawaii the benefits of the new CHAMPUS reform initiative. This we have considered to be a very successful program. It started in August 1988, and it is a three-prong program featuring the old standard CHAMPUS and then two new wrinkles, both of which fall under the category of managed care.

CHAMPUS EXTRA

Under CHAMPUS Extra the patient agrees to go to a network provider, or network hospital, established by the civilian contractor in southern California, consisting of over 50 hospitals and over 4,000 providers—quality hospitals and quality providers. Under CHAMPUS Extra there is a reduced copayment and deductible, and then under CHAMPUS Prime, which I think is the real star of this new program, the beneficiaries actually enroll for a year and commit themselves to seeing these network providers and being treated in these network hospitals in exchange for which there is literally no copayment or deductible.

The program has been so successful in southern California that we have 41,000 beneficiaries enrolled in that CHAMPUS Prime Program and most of those beneficiaries are dependents of active-duty personnel, and many of them are dependents of the lower enlisted grades who can ill-afford standard CHAMPUS.

RESOURCE SHARING

The one component of the CHAMPUS reform initiative that excites me most, however, is what is known as resource sharing, and that is an opportunity for the hospital commander and the contractor to enter into some agreements wherein the CHAMPUS contractor will actually provide services in our hospital.

We have four such programs right now. We have a nurse-midwifery program, which is going to augment our deliveries of CHAMPUS-eligible babies. We have opened another psychiatric ward, primarily staffed by providers that were provided by this contractor, and we are going to expand our neonatal intensive care unit and open up a pediatric intensive care unit, all under this resource-sharing program.

These are essentially turnkey operations wherein the contractor provides the staff and will actually reimburse us for materiel used in support of those patients.

Because of all of those initiatives, we at the Naval Hospital, San Diego are proud to report that our numbers are up significantly as well. We are peaking over 50,000 outpatient visits a month, which is a 12-percent increase over last year, and I think of particular significance is that we disengaged 22 percent less patients to CHAMPUS in 1989 than we did in 1988.

The importance of recapturing this care into the facility is that it supports the Navy's largest training program in medicine at San Diego Naval Hospital. All of our programs are fully accredited for 3 years, and we find that our residents are scoring right at the top of the list every time they take an examination. I also feel that those residents and their interns represent some of the finest members in Navy uniform today.

SATELLITE CHART REVIEW PROGRAM

We have done a lot of things in-house, as well. We started what we call a Satellite Chart Review Program. You can imagine that one of the biggest bugaboos for a hospital commander is to get his medical staff to do the chart work. They are great at doing patient work, but when it comes to getting them to sign their charts and dictate them, there is always a reluctance and there is always a big backlog.

Well, we have taken that service to the wards. We have actually placed the personnel on the wards necessary to pull those charts together, allow the physicians to do the dictations on the ward, and the charts leave the ward fully completed, and it has brought our delinquency rate way down.

We have put some satellite pharmacies throughout the hospital so that the patients do not have to line up in long lines at the pharmacy, and these pharmacies provide medications right to the patients on the wards instead of having to cart the material from long distances. Also, when the patients are ready to go home their discharge medications are right there on the ward waiting for them.

OPERATIONAL READINESS

A couple of final notes. We spend a lot of time providing support for operational readiness for Navy medicine, last year over 10 man-years. We have doctors, nurses and corpsmen assigned to temporary additional duty to afloat units and exercises. We have them all over the world providing support as we speak today.

Of course, we have a very strong affiliation with our Reservists. Last year we had almost 40 man-years of Reserve support, not only weekend support but also the 2 weeks of active duty that these people provide to us. What we have found, Mr. Chairman, is that because most of these providers are working in the civilian for-profit environment we have been able to take advantage of some of what they have learned about efficiency and utilization in the civilian hospitals and we are trying to apply it to Naval Hospital, San Diego.

In the beginning of my comments I had mentioned the word "efficiency," and I see that as one of my primary goals for the short term, and certainly the Surgeon General's goal for the long term in

Navy medicine in general. We were able to put on a conference in February by a group of folks from Boston who are very knowledgeable in the quality improvement process, the efficiency process for hospitals, and our goal now is to institutionalize those processes at the hospital, to bring teams together—focus teams—to solve individual problems, and in solving those problems find a more efficient way of doing business.

PREPARED STATEMENT

I can give you assurance that San Diego Naval Hospital is providing quality care to the maximum number of eligible beneficiaries and at the same time is providing operational support and a commitment to graduate medical education, and I thank you.

Senator INOUYE. Thank you very much, Admiral.

[The statement follows:]

STATEMENT OF REAR ADM. ROBERT A. HALDER

Good morning, Mister Chairman and members of the committee. I am Rear Admiral Bob Halder, Medical Corps, United States Navy, the Commanding Officer of the "starship" of Navy Medicine, Naval Hospital San Diego, California. I call it the "starship" not merely because it is the Navy's newest, largest, most technologically advanced teaching hospital but also because among my staff of over 4,000 officers, enlisted and civilians, I have an extraordinary number of superstars--people who, as you will see, are helping Navy Medicine meet the challenges of the 1990s.

In 1987, Vice Admiral Jim Zimble, Navy Surgeon General, diagnosed the Navy Medical Department as being anemic. Subsequently, the Chief of Naval Operations established a blue ribbon panel, chaired by his own vice chief, to evaluate the condition of this anemic patient. The blue ribbon panel addressed 61 specific issues and came to 6 general conclusions. Among those conclusions were that we needed to recapture care into our Navy hospitals and clinics by increasing our in-house capabilities, that we needed to assign top-priority to graduate medical education and that we needed to become more efficient. With congressional support, particularly in the areas of contracting dollars and special pays for doctors and nurses and with support from line Navy, we have turned the corner. Reflected in Admiral Zimble's 1989 annual report, Navy-wide the outpatient visits to our clinics are up 12 percent, our admissions are up over 3 percent, and we are recapturing CHAMPUS workload. System-wide we disengaged 3 percent fewer patients to CHAMPUS in 1989. San Diego Naval Hospital, as you will see, has been a major contributor to this.

Built at a cost of $350 million, including $90 million in new equipment, our hospital opened its doors in January 1988. Serving an eligible beneficiary population of over 400,000 southern Californians, the hospital occupies 70 acres of prime San Diego real estate. The main complex is 1.2 million square feet in size and has 560 acute care and 200 light care beds. My current staff consists of 1,045 officers, 1,903 enlisted and 1,258 civilians. I am currently staffed to operate 450 of my 560 acute care beds (an 80 percent occupancy rate). I have 297 Navy, 101 civil service, and 147 contract nurses. We are one of the most technologically advanced hospitals in the world today. We have a magnetic resonance imager or MRI, 2 CAT scanners, a lithotripter (a device which breaks up kidney stones by sending sonic waves through the skin, thereby avoiding surgery), and 3 state-of-the-art radiation therapy machines, and we are on the cutting edge of the new environment in federal healthcare delivery.

Creativity, innovation, communication and cooperation are the new language. No longer relying solely on military and civil service providers and standard CHAMPUS, our new environment offers alternatives which include health service contracts, military-civilian health services partnerships, a prototypical demonstration project with HCFA--the Healthcare Financing Administration of Health and Human Services--and the CHAMPUS Reform Initiative. Naval Hospital San Diego has taken the lead in each of these areas and the net result has been enhanced utilization of our facility, improved access to care for all categories of beneficiaries, CHAMPUS recapture, and, of course, strengthening of our training programs through expansion of our patient referral base.

Using contract dollars provided by Congress, we have opened two NAVCARE clinics in San Diego. Strategically located adjacent to enlisted housing areas, these two clinics are now providing almost 16,000 primary care visits per month for eligible beneficiaries. In addition, we have recently opened our NAVPHARM, a contract pharmacy operation sited at the Naval Station. This pharmacy fills almost 1,000 prescriptions per day and is helping us to relocate our outpatient pharmacy function away from the core hospital. In conjunction with our own expanded military satellite pharmacies which we operate at several outlying clinics, we have taken the service to the customer and have taken some pressure off the hospital's severe parking shortage. In addition, our contract dollars have allowed us to hire 147 contract nurses, of all specialties to augment our current military and civil service nursing staff. It goes without saying that these valuable nurses have contributed significantly to our ability to operate at our 450 acute care census.

We have taken the lead in the partnership program, as well. This program allows CHAMPUS providers to deliver care to CHAMPUS-eligible beneficiaries in our hospital using our offices, our heat, electricity, our laboratory, X-ray and pharmacy. In return, the co-payment and deductible charges to the CHAMPUS patient are waived. This program yields over 3,200 adult primary care visits per month, 400 pediatric acute care visits per month and over 150 cardiac surgical procedures per year. In addition, we have been able to offer these expanded access opportunities to some Medicare-eligible beneficiaries through an innovative demonstration project between HCFA and our hospital. Under this program, Medicare-eligibles (i.e, military-eligibles over the age of 65) are allowed to see these CHAMPUS Partnership Providers on a space-available basis; the CHAMPUS providers bill HCFA for this care and, as with CHAMPUS-eligible beneficiaries, the co-payment and deductibles are waived. This demonstration project is most important for our hospital because it brings back a population of beneficiaries whose unique medical problems are vital to our teaching programs.

Important to the successes of the managed healthcare environment in San Diego has been the CHAMPUS Reform Initiative. Started in August 1988, this program provides the Partners National Health Plan, the Southern California CHAMPUS reform initiative contractor, with a fee for providing all CHAMPUS care in southern California. This is a three-pronged program--standard CHAMPUS, CHAMPUS Prime, and CHAMPUS Extra. It features standard CHAMPUS, in which the beneficiary is free to choose his or her own CHAMPUS provider in exchange for payment of a deductible and a co-payment. Under the CHAMPUS reform initiative, two new programs are also offered. The contractor has established a network of hospitals, physicians and other professionals who are willing to provide care to CHAMPUS eligibles for a reduced, negotiated rate. In southern California, the network consists of 56 reputable hospitals and over

4,600 physicians and other professionals, each of whom are screened by a quality assurance and credentialing process. In the new program called CHAMPUS Extra, patients pay a reduced co-payment and do not have to fill out claim forms when using a network provider or hospital. Under CHAMPUS Prime, the patients enroll for 12 months, use only network providers and hospitals, do not have to fill out claim forms and pay almost nothing in the way of co-payment or deductibles. In fact, for an E-4 and below, there is no co-payment. This CHAMPUS Prime program has been so well received that in Southern California alone over 41,000 CHAMPUS eligibles have enrolled--and many of these are members of young enlisted families who can ill-afford the co-payments and deductibles associated with standard CHAMPUS. In my meetings with the beneficiary populations in San Diego, CHAMPUS Prime is receiving high marks for quality and service. The January 1990 RAND report on CHAMPUS Reform Initiative states that its review procedures for mental health care have been partially responsible for decreasing professional and outpatient mental health costs by 34 percent. It also points out that overall claims cost were reduced by 10 percent comparing the same three month period in CRI's first year to the prior year. The Rand report also states that under CRI total costs increased 4.6 percent where they would have increased 22 percent without it.

As the Commanding Officer of the Navy's largest teaching hospital, I am most excited about another portion of the CHAMPUS Reform Initiative--a program called Resource Sharing. Under this program, the CHAMPUS Reform Initiative contractor and the hospital commander enter into mutually beneficial agreements wherein CHAMPUS care can be provided in our Naval hospital. Our hospital was the first site for such an agreement, entered into in January 1989. We have two new linear accelerators in our radiation therapy department which, because of the lack of technician support, were being used half of the time. The CHAMPUS Reform contractor provided us two technicians. Our accelerators are now fully utilized. We have recently opened a midwifery program in which the CHAMPUS Reform contractor has provided a high quality, fully licensed midwife staff from the University of California at San Diego. When fully up to speed this spring, this program will allow us to recapture from CHAMPUS approximately 125 deliveries per month, raising our capacity to 400 deliveries per month.

Two new resource sharing programs are coming on line as we speak. Using staff provided by the contractor, we plan to expand our neonatal intensive care unit by 6 beds and to open a new pediatric intensive care unit of seven beds. In addition, we will be expanding our inpatient psychiatry capacity by 20 beds using CHAMPUS Reform contractor staff. These additional 20 beds will support primarily non-active-duty patients. You can see why we are so pleased with the performance of the CHAMPUS Reform Initiative. Unnecessary CHAMPUS costs are being brought under control in southern California and care is being recaptured into my hospital, other military hospitals, and other network civilian quality hospitals.

Mr. Chairman, as a direct result of these new managed healthcare options, as well as our internal innovation, San Diego Naval Hospital's outpatient visits are peaking at 50,000 per month, a 12 percent increase over 1988 and our CHAMPUS disengagements for inpatient care are down 22 percent compared to last year.

This recapture of beneficiaries from NAVCARE clinics, Partnership clinics, and from resource sharing has significantly expanded our primary care referral base. Naval Hospital San Diego has the first right of refusal from all of these primary care sources and because so many of these patients require specialty care, we have thereby strengthened our residency training programs. As the Navy's largest teaching hospital, we currently have 74 interns, 203 residents and 26 fellows, participating in 23 residencies and fellowships, all of which are fully accredited. Admiral Zimble has called these training programs the lifeblood of Navy medicine and I can assure you that this is quality lifeblood. Our residents uniformly score at the top of the list during specialty board exams and they, along with our interns, are among the most skilled, dedicated professionals in uniform.

These residents, working as a team with our nurses and administrators, are creating new and exciting ways of doing business; new programs designed to make it easier, more fun, and less burdensome to practice medicine. We have a same day surgery program supporting up to 25 operations per day and a same day admissions program. We recently instituted a satellite chart review and completion program in which charts are completed and dictated right on the ward. The physicians love it and the chart delinquency rate is plummeting. We have an in-house satellite pharmacy program which places small, appropriately stocked satellite pharmacies on each inpatient floor, and in the coronary and intensive care units. These satellites not only provide all inpatient medications on site, but also prepare all discharge medications for our inpatients who are being released. The nursing staff and the patients are overjoyed that service is right where the customers need it.

Much of our time and many of our assets are utilized in support of operational readiness. There are five MMART (Medical Mobilization Augmentation Readiness Teams) and two fleet surgical teams. These teams have deployed to the Western Pacific at various times this year, have supported operations in the Persian Gulf and have participated in Operation Team Spirit. In addition, various specialists, nurses and enlisted members of my staff provide temporary support for Naval medical facilities around the world--from the Far East, to ships afloat, to remote continental United States facilities, in fact, Naval Hospital San Diego provided over 2,500 man-days of operational support in fiscal year 1989 alone.

And our affiliation with the reserves has never been stronger. We currently have eight reserve detachments assigned to Naval Hospital San Diego. In fiscal year 1989, these units provided over 11,000 man-days of reserve support for military beneficiaries and, of course, devoted a considerable amount of that time involved in military-specific training. In addition, we are using our reservists as technical consultants. They come from a "for profit" civilian environment and we hope to learn more about efficiency and cost containment from them. These reservists are currently working with us to develop a home healthcare proposal in which care normally provided in our hospital can be provided in the home. Also, we are bringing a team of local reserve experts onboard to independently review both our inpatient and ambulatory surgery programs. We feel that they can share their civilian experience in helping us to further streamline our operating room utilization.

I mentioned at the opening of my remarks the need for efficiency in Navy medicine. In February of this year, working in conjunction with the University of California at San Diego, I was able to provide upper management training for two exhausting, yet exciting, days to 62 of my senior department and division heads. Using this training, we are currently embarked on a journey to institutionalize a new quality improvement philosophy and process at Naval Hospital San Diego. We intend to build quality into medical care up front as has never been done before. We know that this process, once institutionalized, will ensure that we have a hospital whose level of quality and efficiency would have previously been unattainable.

In conclusion, Mr. Chairman, I can state that Naval Hospital San Diego is dedicated to providing the highest quality care, efficiently, to the maximum number of beneficiaries while at the same time fulfilling its commitment to operational readiness and graduate medical education. Thank you.

BIOGRAPHICAL SKETCH

Rear Admiral Halder, a native of Wampsville, New York received his Bachelor of Arts Degree from the State University of New York, Harpur College in 1964. He then attended the State University~~ of New~~ York Upstate Medical School in Syracuse, New York, from which he was awarded a Doctor of Medicine Degree in 1968. Rear Admiral Halder served as a Surgical Intern form 1968 to 1969, at the State University of California, University Hospital, San Diego, California. He entered the U.S. Navy in 1969, being first assigned as a student flight surgeon at the Naval Aerospace Medicine Institute in Pensacola, Florida. Upon graduation in 1969, he was assigned to Helicopter Training Squadron (HT-8) at Ellyson Field in Pensacola. At the completion of this operational tour, Rear Admiral Halder entered the Ophthalmology Postgraduate Training Program at Naval Hospital, San Diego, California i~~n 1971.~~ In 1974, he served in Harar, Ethiopia in a Joint International Eye Foundation - U.S. Navy venture to deliver Ophthalmic medical and surgical care. Upon his return he completed his Ophthalmology residency in August 1974. He was then transferred to Naval Hospital, Camp Pendleton where he served as staff Ophthalmologist and Family Practice preceptor. In 1983, Rear Admiral Halder assumed the position of Director of Clinical Services at Naval Hospital, Camp Pendleton. In May 1984, he was assigned as Executive Officer, Naval Hospital, Long Beach, California serving until 1985, at which time he assumed command of the U.S. Naval Hospital, Naples, Italy. He was assigned as Deputy Commander for Fleet Readiness and Support, Naval Medical Command, Washington, D.C. in 1987. In 1987, he was selected for promotion to Rear Admiral, and in June 1988 he was assigned as Commander, Naval Medical Command, Southwest Region, San Diego, California. In May 1989, he was assigned additional duty as Commanding Officer, Naval Hospital, San Diego and Commanding Officer, Naval Medical Clinic, San Diego. With the disestablishment of the Southwest Region and the Medical Clinic commands on 1 October 1989, Rear Admiral Halder is currently the Commanding Officer, Naval Hospital, San Diego. The January 1990 Promotion board for Rear Admiral (upper half) has selected Rear Admiral Halder for his second star.

Rear Admiral Halder's awards include the Legion of Merit, Navy Commendation Medal, Navy Achievement Medal, Meritorious Unit Commendation, National Defense Medal, Humanitarian Service Medal, and Overseas Service Ribbon.

A member of several organizations, Rear Admiral Halder is a fellow of the American Academy of Ophthalmology. He is married to the former Marilyn Fox of Linwood, California. They have two children, Michael, a college student in Southern California, and Craig, a Midshipman at Annapolis.

STATEMENT OF MAJ. GEN. VERNON CHONG, COMMANDER, WILFORD HALL USAF MEDICAL CENTER, LACKLAND AFB, TX

Senator INOUYE. Before we proceed with questions, may I call upon General Chong?

General CHONG. Thank you, sir. Good morning, Mr. Chairman. It is an honor to be here to appear before this subcommittee and also to discuss the role Wilford Hall Medical Center has in providing health care and its participation in the medical support of Operation Just Cause.

Wilford Hall is the largest of six Air Force medical centers. We are an organization of 3,600 military and civilian personnel. In addition to that, we have 350 physicians and 65 dentists in postgraduate specialty training programs.

Our medical center provides base level medical support to approximately 11,000 active-duty personnel. We provide health services to a catchment area in San Antonio of approximately 190,000. They are also the Air Force tertiary care referral center worldwide.

MEDICAL READINESS TRAINING

At Wilford Hall we have our own 12-acre medical readiness training site, and to that site we provide medical readiness training for approximately 4,000 active-duty Air Guard and Air Reserve medical personnel each year.

In conjunction with the national disaster medical system we at Wilford Hall, Brooke Army Medical Center, and the Audie L. Murphy Veterans Memorial Hospital join annually with the civilian community in a citywide mass casualty exercise. This exercise in training is exceptionally beneficial to us and contributed to the success of the medical support of Operation Just Cause.

HEALTH CARE ACTIVITIES

As a medical center we provide comprehensive community health care, which includes wellness and prevention programs. Just to mention a few things that we provide, our neonatal intensive care unit is nationally renowned for its expertise in infant respiratory physiology. We are the Department of Defense Bone Marrow Transplantation Center, and have served as the CHAMPUS demonstration site for bone marrow transplantation for the past 3 years.

Our organ transplantation services started in 1963, and one of the first kidney transplants in the country was performed by an Air Force surgeon, and more recently we have performed a liver transplantation there.

GRADUATE MEDICAL EDUCATION

One of our major missions is graduate medical education. I firmly believe a graduate education is one of the most important factors in the retention and training of quality physicians for the military. Many of our training programs are rated among the best in the Nation.

We know that the retention rate for specialists that we train in the military programs is at least two to three times that of those who are trained in civilian programs and subsequently enter the Air Force, so we feel that our training programs are most important to the improvement or the continuation of quality care within our medical facilities.

Our research that we conduct at Wilford Hall has contributed to a better health care system nationally. We have many contributions from the clinical research that we have performed there.

ACCESS TO CARE

As you are well aware, access to care is a vexing problem to our patients. At Wilford Hall we had difficulty in getting patients into the primary care clinic.

With the fact that we can use the Internal Partnership Program we have been able to obtain the services of primary care physicians and now a patient is able to obtain an appointment either on the same day or the following day in the primary care. This is also true in the pediatric clinic. We also provide evening and weekend appointments to our patients.

Unfortunately, we do have clinics where there is difficulty as far as access. Some of our specialty clinics are short because of the shortage of specialists as well as support personnel.

CHAMPUS

Now, we feel that the direct care system is more economical, as we are well aware. However, CHAMPUS is a necessary adjunct in providing care to our families.

We find in San Antonio the majority of the CHAMPUS costs are due to child analysis and psychiatric care and services, so we have initiated a project there to establish an inpatient psychiatric unit at Wilford Hall. This will be staffed by a contractor with alternate use of CHAMPUS funds.

In addition to that, Brooke Army Medical Center is establishing an outpatient psychiatric clinic which will be located at Fort Sam Houston and by providing child analysis and psychiatric services in this manner, we can anticipate there is going to be significant CHAMPUS savings and improved care.

PERSONNEL ISSUES

The retention of our top-quality physicians is of great concern to us. Pay is a most significant factor in the retention of our physicians. A very major factor in considering the pay issue is the inability of military physicians to send their children to a college of their choice.

Physicians relate to their peer group in the civilian world and realize that they are not able to provide for their children as well as their civilian counterparts. This is one reason many of them get out, especially in the 13-, 14-, 15-year range.

Physicians feel they do not have the support they would expect in a civilian practice. In fact, the lack of secretarial transcription services to transcribe letters, consultation reports, or histories and physicals is very discouraging to them. The inability to find laboratory slips, x-ray reports, and other diagnostic tests is most frustrating and frequently very demeaning to them.

However, I am encouraged by the additional money youhave provided to the military services to support the physicians. Not only will this help with a job done more efficiently, but it will bolster physician morale.

Another problem that we have is relative to the shortage of nursing personnel to staff our special care and intensive care units. Hopefully, the nurse accession bonus and the incentive special pay for certified registered nurse anesthetists which you have authorized will help, but unfortunately we will just have to wait and see and hopefully no other steps will be necessary.

OPERATION JUST CAUSE

I would like to make a comment about Operation Just Cause, which is the military operation that occurred down in Panama. We at Wilford Hall were very proud to have had an active role in the medical support of Operation Just Cause. In fact, for your information, we only had one, or possibly two, physicians on our staff who had ever seen a wartime casualty.

Well, the readiness training and the disaster exercises we regularly participate in really paid off for us. During that operation we had 11 aeromedical evacuation flights from Panama which arrived at Kelly Air Force Base in San Antonio with a total of 258 casualties.

Of those wounded, 112 were treated at Brooke Army Medical Center and 146 at Wilford Hall. No patients died en route. There was some comment to the effect that there had been some patients who died on the aeromedical evacuation flight, but that is not so.

At Wilford Hall we performed 178 surgical procedures on the wounded, and a comparable number were performed at Brooke Army Medical Center. During Operation Just Cause we experienced exceptional cooperation between the Army and Air Force facilities in San Antonio; and not only that, the San Antonio community was most supportive as far as the casualties and their families.

There was a spontaneous outpouring of support and assistance by the local community. In fact, they offered hotel rooms, cars, at no cost, provided food and gifts and all sorts of support for the families, which I think is most important.

There was a tremendous outpouring of pride which was exhibited by both the staff of our hospital as well as the community, and everyone was trying to be as helpful as possible. In many respects, some of the people even got in our way, but from the standpoint of casualty management one thing that really helped us was the fact that the wounded had a very positive attitude.

They were individuals who were proud of the fact they had been in Panama, and despite their wounds they reacted very well, which transmitted to our staff and made our staff feel prouder of the fact that they were taking care of young men who were well disciplined and were good representatives of a voluntary military force. So it was a tremendous experience for us at Wilford Hall and we were proud to have been a part of that operation.

In conclusion, Mr. Chairman, we feel that we have outstanding personnel at Wilford Hall at all levels. They are hard working, dedicated, patriotic American men and women who strive for excellence in health care. We are well aware of the economic and budgetary constraints under which we all labor, and we appreciate the support that military families receive from our executive and legislative leadership. We are committed to the defense of the country and to provide the best health care possible. We will always endeavor to be as responsive, caring, and empassioned as possible.

PREPARED STATEMENT

I thank you for allowing me to have this opportunity to appear before you, and that concludes my remarks.

Senator INOUYE. Thank you very much, General Chong.

[The statement follows:]

STATEMENT OF MAJ. GEN. VERNON CHONG

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE, I am Major General Vernon Chong, Commander of Wilford Hall United States Air Force Medical Center, Lackland Air Force Base, Texas. It is an honor and privilege to appear before this subcommittee to discuss the role Wilford Hall USAF Medical Center has in providing health care and its participation in the medical support of Operation JUST CAUSE.

MISSION PROFILE

Wilford Hall USAF Medical Center is the largest of six Air Force Medical Centers. It has a bed capacity of 1000 of which 806 are operationally staffed. We are an organization of 950 officers, including 210 physicians, 535 nurses, and 50 dentists; 2000 enlisted personnel and 650 civilian personnel. We have 350 physicians and 65 dentists in postgraduate specialty training.

Wilford Hall USAF Medical Center is located on Lackland Air Force Base which provides basic military training to all enlisted personnel entering the Air Force and training for all officer accessions except those entering through the Air Force Academy, the ROTC programs, or the health professions.

The Medical Center provides base level medical support to more than 11,000 active duty personnel and health care services to a catchment area of approximately 180,000 beneficiaries in the San Antonio area. It is a regional referral medical center for the South Central United States and is the Air Force worldwide referral center for tertiary health care.

Our mission is fourfold: Medical readiness, patient care, graduate education and clinical investigation. Our day-to-day activities in patient care have a direct bearing on our ability to care for casualties and illness during wartime. The graduate education programs and clinical research activities keep us at the leading edge of health care technology. Wilford Hall Medical Center is the only Level I Trauma Center in the Air Force. Not only are we able to provide the best possible emergency care to our patients and assist the San Antonio community, we are also able provide our staff and resident physicians with everyday hands-on experience in wartime skills.

MEDICAL READINESS TRAINING

Wilford Hall has its own 12-acre medical field training site. We train more than 4,000 active duty, Air Guard and Air Reserve medical personnel each year. This includes all Air Force medical personnel stationed in San Antonio as well as 200 Army medical personnel under the PROFESSIONAL OFFICER FILLER SYSTEM, an active duty program to fill unit requirements during wartime.

In conjunction with the National Disaster Medical System, Wilford Hall, Brooke Army Medical Center and the Audie L. Murphy Veterans Memorial Hospital join annually with civilian emergency services personnel and hospitals in a city-wide mass casualty exercise. Based on an earthquake scenario, the simulated evacuation of large numbers of casualties to the San Antonio area provides a unique opportunity to exercise the emergency response and capability of community and military emergency assets. Wilford Hall personnel staff the emergency reception and triage center established at Kelly Air Force Base. This training is exceptionally beneficial and contributed to the successful medical support of Operation JUST CAUSE.

HEALTH CARE ACTIVITIES

We provide comprehensive community health care to include wellness and prevention programs. Our health care activities range from primary health care of the youngest recruit in the Air Force to retired families with the most complicated of medical problems.

Our Neonatal Intensive Care Unit is nationally renowned for its expertise in infant respiratory physiology. Newborn infants are referred to Wilford Hall from many of the major teaching institutions in the country. Our success rate in the treatment of seriously ill newborn infants using high frequency ventilation and extracorporeal membrane oxygenation has been exceptional. Infants who previously had a predicted mortality rate of 85 percent now have an 85 percent chance of survival.

We are the Air Force evaluation center for all Human Immune Virus (HIV) positive individuals. Significant clinical and research data have resulted from the work of our talented staff. Several research papers have been published in national and international journals and have been presented at international HIV conferences.

Wilford Hall is the Department of Defense Bone Marrow Transplantation Center and has served as the CHAMPUS demonstration project site for the past three years. We have demonstrated that it is more cost efficient to the government to provide allogeneic bone marrow transplant services at a military hospital than through the CHAMPUS program. The cost to CHAMPUS for a bone marrow transplant is approximately $250,$0, at Wilford Hall our cost is $120,000. Allogeneic transplants refer to tissue transplants from a genetically matched donor to a recipient. A sibling is usually the donor. Bone marrow transplantation is performed for patients with malignant disease who lose their bone marrow as a result of treatment with cancericidal drugs or irradiation therapy.

We have also been asked to initiate a CHAMPUS program to perform autologous bone marrow transplants for certain diseases. Autologous transplantation refers to the use of ones own bone marrow for transplantation. Payment was not previously authorized for autologous transplants under the CHAMPUS program. We have been performing autologous bone marrow transplants at Wilford Hall for about six years. This CHAMPUS project also promises great cost savings.

With special equipment, called an electrophysiology recorder, our cardiologists and cardiac surgeons are able to determine the sites of abnormal electrical activity in the conduction system of the heart. They can perform corrective surgery to remove these sites and prevent a fatal episode of sudden heart stoppage or fibrillation.

Organ transplantation started at Wilford Hall in 1963 when one of the first kidney transplants was performed by an Air Force surgeon. Since then many patients have received these transplants, freeing them of an artificial kidney. More recently, we have performed liver transplantation, the first in the Department of Defense. Like bone marrow transplantation, solid organ transplants can be performed at military hospitals with significant savings to the government and the patient.

There is significant cost savings both to the government and to the patient if we can provide these types of specialized care in military hospitals. In addition, the facilities and support provided by the local base community is important both emotionally and financially.

We are convinced that it is most important that we keep up with the state of the art in health care. There has been so much progress in health care technolcgy in the past few years that we cannot afford to sit back and wait, otherwise we will risk obsolescence. This is a disservice to our patients, to our staff and to the Air Force.

POSTGRADUATE EDUCATION

I believe that postgraduate education is one of the most important factors in the retention and training of quality physicians and dentists for the military and for the provision of continuing high quality health care.

Postgraduate medical and dental education receives a lot of attention at Wilford Hall. From our 18 medical residency programs, 12 medical fellowships, 5 dental residency programs and 2 dental fellowships, we provide over 50 percent of the medical and 85 percent of the dental specialty requirements for the Air Force.

Many of our programs are rated among the best in the country. This can be attested to by the pass rate on national certification examinations and by the results of in-training examinations conducted by the specialty boards.

There are many advantages to training physicians and dentists in our own medical centers. They are more familiar and accustomed to military policies and procedures. They have a better understanding of the mission of the military. They have more loyalty and commitment. They are able to work with line of the Air Force and other military personnel better because of their more in-depth exposure and understanding. In addition, we also know that the retention rate for specialists that we train in the military programs is at least three times greater than the rate of those who have trained in civilian specialty programs and subsequently entered the Air Force.

Postgraduate education stimulates and motivates the staff as well as the residents. Instructors must be current on new methods of treatment, diagnosis or management of diseases. They must maintain high level proficiency to stay ahead of the students. Continuing education and update is most important to the continuance of high quality health care. It is well known that institutions with postgraduate education programs are at the forefront of medical progress and quality of care.

CLINICAL INVESTIGATIONS

Wilford Hall has a very active clinical investigation program. We have research projects in collaboration with many other military, university, public and private institutions. Most of these projects are in support of our residency training programs. Many have been of significant scope and nature. We have in excess of 400 protocols underway at all times.

Clinical investigations conducted at Wilford Hall have resulted in advancements in neonatal respiratory physiology and ventilation, autologous blood transfusions, kidney transplantation, physiological monitoring and a host of other advances which have contributed to better health care nationally. This success has occurred despite the inability to retain some of our most experienced and senior physicians and dentists.

ACCESS TO CARE

Access to care is a vexing patient problem. In the Air Force, it is dependent on many factors including: the availability of providers and appointments, telephones, telephone lines, appointment clerks, receptionists, the appointment system and the availability of personnel needed to support the provider. Access to primary health care services is important since eighty-five to ninety percent of all medical problems can be managed and treated by a primary care provider. Those who usually provide primary care are general medical officers, family physicians, flight surgeons, and physician assistants. In a broader context, primary care also includes the specialties of pediatrics, internal medicine, adolescent psychiatry, obstetrics and gynecology.

At Wilford Hall, we had poor access to the Primary Care Clinic. With the Internal Partnership Program, we were able to obtain additional primary care providers. A patient can now obtain an appointment to Primary Care Clinic either on the same or the next day. We also have evening and weekend appointments. The Internal Partnership Program has also improved access to the Pediatric Clinic.

Unfortunately, we continue to have access problems in several of our specialty clinics including internal medicine, gynecology, orthopedics, ophthalmology and otolaryngology.

Many new telephone trunk lines have been installed to improve service. We also recently completed installation of a new appointment system which will no doubt improve our ability to make appointments.

CHAMPUS

While the direct care system is more economical, CHAMPUS is a necessary adjunct to our medical treatment facility. The 1989

CHAMPUS cost in San Antonio was $33 million. Of that amount $25 million was for mental health services, including $21 million for child and adolescent psychiatric care and service which we could not provide.

In order to decrease CHAMPUS costs and to provide better service to patients, we have initiated a project to establish an inpatient adolescent psychiatry unit at Wilford Hall. This will be staffed by a contractor using the CHAMPUS alternative funds program. Using this authority, an adolescent outpatient psychiatry clinic is being established at Brooke Army Medical Center. By providing child and adolescent psychiatric services in this manner we anticipate significant CHAMPUS savings and improved care. In addition, these programs will provide excellent training experience for our military psychiatrists.

PERSONNEL ISSUES

We at Wilford Hall consider ourselves very fortunate since we have most of the specialists we require. Specialty Boards and residency review committees require sufficient numbers of specialists to staff our training programs. However, in some specialties like internal medicine, orthopedics, gynecology, ophthalmology, otolaryngology and child psychiatry, specialist shortages delay access to those clinics.

Retention of top quality physicians is of great concern to us. It is most important to retain experienced and capable specialists to maintain not only the quality of care but also the high caliber training programs we have at Wilford Hall and at our other medical centers. Pay is the most significant factor in the retention of physicians; however, there are several other important factors to be considered.

We have retained some physicians because of the special pays, but we must have a more permanent pay scheme to increase retention of our best quality people. A very major factor in considering the pay issue is the inability of military physicians to send their children to any college of their choice. Physicians relate to their peer group in the civilian world and realize they are not able to provide for their children as well as their civilian peers. Many physicians have expressed this as their reason for separation. They are happy with the practice of medicine in the Air Force but they have a responsibility to their families.

A civilian physician has at least three to four people for support in providing medical care in the office. An Air Force physician has less than 1.5 support people to assist in the clinic office. When we evaluate access to care and productivity, the availability of support personnel is an important factor in that evaluation. Secretaries, clerk-stenographers, receptionists, medical technicians, and administrative technicians, are people who directly support the health care provider. There is a multitude of other people who do so indirectly. Without adequate support personnel, we cannot be as productive or effective as possible. The lack of sufficient support personnel is another retention factor.

Physicians feel they do not have the support they would expect in a civilian practice. The lack of secretarial or transcriptionist services to transcribe letters, consultation reports or histories and physicals is discouraging. The inability to find laboratory, x-ray or other diagnostic test results is frustrating and demeaning. The possibility of undesirable or remote assignment is another negative factor. Many of the retention factors for physicians are similar to those voiced by pilots. I am encouraged by the additional money provided to the Services for support personnel. This will mean 55 more people employed in clerical and support functions at Wilford Hall. Not only will this help get the job done more efficiently, it will bolster provider morale.

Another problem is the shortage of nursing personnel to staff our special care and intensive care units. Because of the increase in the acuity of care and the requirements for nursing personnel, our special care units are frequently saturated. We are unable to admit patients requiring an intensive care bed or to perform surgery on patients who will require a special care bed postoperatively. I hope the nurse accession bonus and Incentive Special Pay for Certified Registered Nurse Anesthetists will help, but other steps may be necessary.

The competition for hiring civilian nursing personnel is keen and we cannot pay them as much as civilian hospitals. We are trying to work around this, but find it a very difficult area.

OPERATION JUST CAUSE

We at Wilford Hall were very proud to have had an active role in support of the action taken in Panama. Only one or two of our physicians had ever seen a wartime casualty. The readiness training and the disaster exercises we regularly participate in really paid off. Despite very short notice, the Medical Center was well prepared to receive and treat casualties within four hours. A triage and reception center was established at Kelly Air Force Base by personnel of our 4th Aeromedical Staging Facility and emergency medicine department with the support of members of the 32d Aeromedical Evacuation Group (Reserves). A 100-bed Aeromedical Staging Facility was set up with personnel, supplies and equipment to handle the projected casualty loads.

Personnel were placed on 12-hour work shifts, leaves were suspended. (Remember--this was the Christmas holiday season.) Our responsibilities under the Emergency Medical System were suspended and responses were all diverted to the civilian Medical Center Hospital from Brooke Army Medical and Wilford Hall. Personnel of our deployable 250-bed hospital were recalled to duty to serve as a manpower pool. Our disaster response teams and other required personnel were activated according to our Disaster Casualty Control Plan and our Contingency Support Plan. Our blood donor center was opened and blood donors notified. Medical, administrative, logistic and support teams were in place and ready before the first casualties arrived.

Eleven aeromedical evacuation flights from Panama arrived at Kelly Air Force Base with a total of 258 casualties. Of those, 112 were treated at Brooke Army Medical Center and 146 at Wilford Hall. No patients died enroute. One patient who had been placed in the expectant category in Panama and was not expected to survive because of the wound died soon after arrival. Our surgeons made a heroic effort to try to save the patient by emergency surgery but this was to no avail.

There were 178 operative procedures performed at Wilford Hall and a comparable number at Brooke Army Medical Center. Many patients required multiple operative procedures.

During Operation JUST CAUSE, there was exceptional cooperation between the Army and Air Force medical facilities. Many comments were made on how well stabilized and treated the wounded were in Panama prior to evacuation. This reflected good training and discipline. Patient sorting and distribution to each of the military hospitals was outstanding. Excellent liaison was maintained on a continuing basis.

The San Antonio community was very involved in the support of the casualties and their families. There was a spontaneous outpouring of assistance. Hotel rooms and cars were offered at no cost. Food, gifts and services were provided. There could not have been a warmer and more supportive environment anywhere. There was a tremendous amount of pride and everyone wanted to help in anyway possible. The attitude and demeanor of the casualties was positive. Many wanted to go back to Panama despite their injuries. These proud young men represented a well trained and well disciplined force. The positive attitude of the wounded had a definite effect on our personnel. Several physicians commented to me on how honored and proud they were to have had the privilege to care for the wounded. They also realized why they had gone through all of the readiness training and exercises. They understood the reasons and meaning of medical readiness. It was a tremendous experience for everyone at Wilford Hall and we were proud to have been a part of Operation JUST CAUSE.

CONCLUSION

We have outstanding personnel at Wilford Hall at all levels. They are hard working, dedicated, patriotic Air Force men and women who strive for excellence in health care. As has been noted from the results of the Department of Defense Civilian Peer Review Program we provide high quality health care. Wilford Hall has a reputation for being a leader in the health care community. We are well aware of the economic and budgetary constraints under which we all labor and we appreciate the support that the military and military families receive from the Executive and Legislative leadership of the Country. We are committed to the defense of the Country and to provide the best health care possible. We will always endeavor to do so in a responsive, caring and compassionate manner. The motto of Wilford Hall USAF Medical Center is "People Who Care" --people who really care about our patients and people who help care for each other. Thank you.

CHAMPUS REFORM INITIATIVE

Senator **Inouye**. Much of the information and publicity emanating from the activities of this committee relates to weapons systems and the high ticket items, but I hope that all of you here will realize that in our committee, personnel is of the highest priority, the maintenance and health and the highest level of morale; therefore, what we are discussing here this morning is extremely important to us.

Having said that, however, we must always keep in mind that we have to live within the bounds of the available moneys, and in this regard one item concerns us very much; that is, CHAMPUS. In 10 years the cost of CHAMPUS has increased 350 percent, and it would appear that it will continue to increase. As a result, we initiated the CHAMPUS reform initiative that has been in operation a short time. It seems to have some promise.

I was very interested, therefore, in your statement, Admiral Halder, that you are presently providing CHAMPUS providers, health care providers, to Medicare eligible military retirees. This is a joint project, I gather, with the Department of Health and Human Services?

Admiral **Halder**. Yes, sir.

Senator **Inouye**. As you are well aware, California has the largest CHAMPUS bill. San Diego, I think, is the largest area.

Are you making any extra effort to bring in or recapture CHAMPUS people for direct care?

Admiral **Halder**. Yes, sir; we are taking a twofold approach to this. No. 1, by modifying the internal practice patterns of the hospital itself we found that we have been able to increase the number of patients who are being seen. For instance, by opening a dermatology clinic in the evenings, we have been able to recapture a lot of patients who previously would have gone out on CHAMPUS, and that is irrespective of the CHAMPUS reform initiative.

PARTNERSHIP PROGRAMS

I think the primary benefit that we have seen has been a direct result of what we described as the partnership programs which existed before CRI, CHAMPUS reform initiative, and then certainly as a reflection of these new agreements between ourselves and the CHAMPUS reform contractor, the opening of 20 psychiatric beds effective a couple of weeks ago.

Those 20 beds are dedicated to CHAMPUS-eligible beneficiaries. I think, as you know, over 50 percent of the CHAMPUS costs in southern California are mental health costs. So to recapture some of those CHAMPUS eligible mental health patients for their inpatient care in my hospital using the support services provided by the contractor—that is, the psychiatrists and the technicians—is a significant step forward.

That goes the same with the expansion of our neonatal care unit, with the opening for the first time in San Diego of a pediatric intensive care unit with which we anticipate we will recapture perhaps 90 percent of the young CHAMPUS-eligible children who are receiving their intensive care out in the community.

All of these programs are a direct reflection of the cooperation between the contractor and the hospital commander. When I say "hospital commander," that is generic because, obviously, the contractor has similar agreements going with the Air Force and Army counterparts in southern California.

MEDICARE-ELIGIBLE RETIREES

Senator **Inouye**. Under this project, how many Medicare-eligible retirees are you treating?

Admiral **Halder**. I do not have a figure on the Medicare eligible. I can tell you that the HCFA demonstration project has essentially nothing to do with the new CHAMPUS reform initiative. Those patients are being seen under the partnership plan which, as I told you, is a plan that has been around a few years and is on a space-available basis.

Those appointments are primarily available with the CHAMPUS provider in our hospital for CHAMPUS eligible. When slots are available, however, we do allow the over 65 Medicare-eligible age group to come in. The total number of patients per month is about 3,250 total CHAMPUS and Medicare eligible that are being seen in the primary care clinic setting.

Of particular note is the fact that this partnership program, again this preexisting CHAMPUS cooperation program, is primarily supporting our cardiac surgery program at the hospital, and we are doing about 150 open heart surgeries a year, bypass surgeries, et cetera. Again I do not have the number, but a significant number of those patients are from that Medicare-eligible beneficiary population. That is affording care to them that previously would not have been available perhaps.

GRADUATE MEDICAL EDUCATION

Senator **Inouye**. According to statements emanating from the medical sector, the Graduate Medical Education [GME] Program seems to be a success story.

Admiral **Halder**. Yes, sir.

Senator **Inouye**. Do you target your residencies and other training programs at specialties in short supply?

Admiral **Halder**. We have 23 programs. We have programs that are currently supporting physician specialties which are in abundance and some of which are in short supply.

It is difficult to spin up a program to accept a larger number of residents on short notice. If we know years in advance that we have a new requirement for an added number of, let us say, anesthesiologists, it takes several years in order to get the accrediting bodies to allow us and to get our staffing levels up to allow us to take on a significant number of additional residents.

The Surgeon General, I think, has done an exceptional job in forecasting the needs of the Navy, and right now those 23 programs that I described are all fully manned. We are bringing very capable people in the front end, and after 3 or 4 years of experience we are sending out seasoned, highly qualified specialists on the other end.

Senator **Inouye**. What specialties are you having trouble recruiting?

Admiral **Halder**. Right now, our residencies are filled. In order to fill them, however, we have had to take some folks directly from their internships and allow them to go directly into residency programs. For instance, OB-GYN, because of the fact that Navy-wide we are short of obstetricians and gynecologists, we have had to interrupt the normal pipeline, which would be internship to operational tour to residency, and move some people directly from internship into those residencies.

PAYBACK PERIOD FOR GME

Senator **Inouye**. What is the payback time for these programs?

Admiral **Halder**. It is approximately year for year for most programs.

Senator **Inouye**. Do you need additional service time?

Admiral **Halder**. Pardon?

Senator **Inouye**. Do you need additional service time for those who participate? Is that enough, a year for a year?

Admiral **Halder**. First of all, I think the length of the residencies is appropriate, and I think the current payback philosophy is an appropriate one as well.

We have to be competitive, and if we offer a residency with a payback period that is too long, then we have to realize that we are going to be perhaps less competitive with the civilian marketplace.

If, however, the trend in civilian medicine continues the way it is going, in my opinion, with so much difficulty being encountered in the delivery of health care out in the civilian community, I am hoping and it is my personal wish that the Navy and Army and Air Force as well are going to be much more competitive in attracting people in our programs and retaining them once they come through our programs, keeping them on as career-oriented officers.

Senator **Inouye**. How many specialty residencies do you provide in your hospital?

Admiral **Halder**. Right now we have 19 residencies and 4 fellowships. Fellowships are people who finish their residencies and have gone on for advanced subsubspecialty training.

PERSIAN GULF SUPPORT

Senator **Inouye**. Your statement alludes to utilization of your assets in support of operational readiness and to the fact that teams from San Diego have participated in operations, including the Persian Gulf.

What type of support did you provide in the Persian Gulf operations?

Admiral **Halder**. Sir, we have what are known as MMART teams, medical mobilization augmentation readiness teams. We have five of those, and we have two of what we call fleet surgical teams. The Surgeon General a year and a half ago put together a special group of four teams, two for the east coast and two for the west coast.

For the Persian Gulf we have provided in the past MMART's, these mobilization teams, as a group, and then we have also augmented with individual providers. For instance, if they needed an orthopedic surgeon to go aboard one of the ships in the Persian Gulf, we would send on temporary duty one of those people, or anesthesiologists.

Senator INOUYE. How did that affect the services at your hospital?

Admiral HALDER. Of course, when we lose a provider at the hospital it means that we have to make an appropriate cutback in the available services, so when I talk about 2,500 man-days of operational support we have to consider that some of those man-days then were lost as far as in-house capability in San Diego.

JOINT MILITARY MEDICAL COMMAND

Senator INOUYE. Now if I may turn to General Chong, I realize in discussing this matter with some of your associates the Joint Military Medical Command is not a favorite subject, but has this command produced efficiencies or any cost savings?

General CHONG. I would not say that it has produced any efficiencies or cost savings.

Senator INOUYE. There are no cost savings involved?

General CHONG. There may be some cost savings in the fact that we have had buys as far as supplies and some equipment; however, that could probably be done without another command, sir.

Senator INOUYE. Other than the so-called territorial imperative, what are your objections to this Joint Military Medical Command, if you have any?

General CHONG. One of the initial reasons why the Command was formed was for enhancement of the postgraduate educational programs. That was to combine the programs which were felt, in essence, would improve the programs. In essence, making a program larger is not necessarily making a program better. In fact, there are some problems related to that.

Our training programs are reviewed and accredited by the residency review committees or the RRC's that we refer to through the Council on Graduate Medical Education. Now, when you enlarge a program, the staff that is required to support that program is usually enlarged at a higher proportion in size than it would be normally for a smaller program. They require more subspecialists to be on the staff, so there are administrative things as well as staffing issues that go into that.

From the standpoint of that, as far as one of the basic premises of formation of the command, we found that the residency review committees do not feel that we should be enlarging these programs.

In addition to that, that does not necessarily improve the programs.

We have had a definite improvement in our program just from the fact that our staffs have comingled or worked together; however, this was occurring prior to the formation of the Joint Military Medical Command. So there was a lot of association and working together even prior to the formation of the command.

OPERATION JUST CAUSE

Now as I alluded to with Operation Just Cause, during that time there was a very good relationship between Brooke Army Medical Center and Wilford Hall Medical Center as far as the working relationships then. In fact, prior to the reception of the casualties we had gotten together, at least the deputy commander and myself.

When we were first briefed on this, the commander was away, and we worked out and coordinated several details relative to how we were going to manage our staffs and provide reception at the site and all that. So there was a lot of cooperation and spirit, if you will, that went into that just to get started, and I think the outcome of that was how successful that operation was.

So those things were actually a carryon, if you will, as far as the relationship that we have had for many, many years between the two facilities. So this was a relationship we have had prior to the formation of the Joint Military Medical Command.

Senator INOUYE. You have every reason to be very proud of the role you and your hospital played in Operation Just Cause, and we applaud you for that. May I ask you a few questions relating to that?

General CHONG. Certainly, sir.

Senator INOUYE. This was a highly classified operation. How much warning time did you receive? I ask this because you were able to, I believe, call back people from leave.

General CHONG. Yes, sir.

Senator INOUYE. Suspend emergency services that you had with the community and such, so you anticipated this?

General CHONG. Well, actually that is a very good point that you bring up. I was notified at 9:30 p.m. on the evening of December 19. The H hour, if you will, was 2400, which is 2½ hours actually. So by the time we got through with the briefings and all, it was about 10:45 p.m. So we really had about 1¼ hours or so to get our act together, as you will, because by 1200 or 2400 we would have had to go ahead and notify all of our staffs and whatever.

NATIONAL DISASTER MEDICAL SYSTEM

As I mentioned earlier, we have annual exercises through the national disaster medical system, as well as the fact that we have mass casualty exercises very frequently. That, coupled with our medical readiness training that we go through, and we do have individuals at Wilford Hall who are tasked for deployment in the event of war, so we have approximately 1,500 military personnel who are assigned tasks for deployment overseas in the event of war.

So from the standpoint of having these various parts in place, it was a matter of notifying the individuals to bring them back in as well as the fact that we have teams who are designated for these mass casualty situations, so it is just a matter of calling in the various teams, whether it be a surgical team or immediate care team, delayed care team or whatever. This was very possible.

So by 4 a.m. we actually had people in and established, as well as the fact that we set up a reception site at Kelly Air Force Base where we had an aeromedical station facility. We had our personnel there from Wilford Hall who staffed that with the assistance of Reserve personnel from one of the aeromedical evacuation groups at Kelly Air Force Base, which is a local Reserve unit. With our emergency physicians there we actually established the casualty receiving area on the flight line at Kelly, and that is where all the wounded came through.

These were things we actually practice on an annual basis, so that is why I mentioned that with the readiness training that we had, it put us in very good stead to be able to perform that operation successfully.

Senator INOUYE. One of the shortcomings in the intelligence community, especially in Washington, is the matter of leaks. I must commend you that no leaks emanated from your operation, which could have easily leaked out. You must have something that we do not know about here.

General CHONG. Well, thank you, sir.

AEROMEDICAL EVACUATION

Senator INOUYE. When did your first casualties arrive? You got your notice at 9:30 p.m.

General CHONG. Yes, sir; our first casualties could very easily have arrived by 5 a.m., so we had our people all prepared, as I stated. The first aeromedical evacuation airplane did not arrive until 11:30 a.m. If anything, we actually had overkill. We probably had more personnel available than we really needed.

It was the Christmas holidays, and we had over 500 patients in the hospital, by the way, at that time. We did discharge those patients that we had to discharge, but by the time the first airplane arrived we were pretty well set to go. So the first airplane brought in approximately 50 patients.

Senator INOUYE. I believe your statement indicated that there were only two physicians in your hospital who have had combat experience?

General CHONG. Yes, sir; in fact, I think there was only one other than myself. Our chief of surgery was a flight surgeon in Southeast Asia with the Special Operations Forces, and he actually provided only emergency care at that time when he served in Southeast Asia and not definitive care as far as surgical care.

All the rest of our staff had never had any wartime casualty surgery. You have to look at it from the standpoint of the timeframe. So we are talking 16 years now since the cessation of hostilities in Southeast Asia. So we do not have that experience within the military forces, especially in the Air Force since the Air Force experience was not like that of the Army or the Navy as far as casualty management.

My experience is by virtue of the fact that I was in Japan during Southeast Asia for 3 years at Tachikawa Air Base, and we had a lot of casualties coming through there. So we took care of those for all that period of time.

ADVANCED TRAUMA LIFE SUPPORT

Senator INOUYE. How do you train and prepare your personnel to cope with traumatic wounds?

General **Chong**. That is part of the training our medical personnel are required to go through. The physicians take advanced trauma life support, or ATLS we call it, which is a program that was established by the American College of Surgeons. And this provides training for acute resuscitation, as well as wound management.

And so our physicians go through that training, as far as managing wartime injuries.

We have experienced also——

Senator **Inouye**. Does the Navy do the same thing?

Admiral **Halder**. Yes, sir.

General **Chong**. By virtue of the fact that we have a level I trauma center at Wilford Hall—in fact, Wilford Hall and Brooke Army Medical Center are the only two Department of Defense medical facilities who have level I trauma centers, and we serve San Antonio with those trauma centers.

That keeps our attending staff, as well as our physicians-in-training in very good stead, from the standpoint of the experience they receive because of the motor vehicle accidents and the gunshot wounds and stabbings that we will receive, and the injuries that we receive into our emergency rooms.

Senator **Inouye**. How did you divide your casualties between Brooke and Wilford—by the type of injury?

General **Chong**. No, sir; the original tasking that we were presented with was that the patients would be received at Wilford Hall, initially. The reason for that is that Lackland Air Force Base, on which Wilford Hall is located, is immediately adjacent to Kelly Air Force Base, where the runway is.

And so the first load of patients were actually the more serious that we had of the 11 flights that we had in. And so they were brought over to Wilford Hall initially.

The patients from then on were sorted and then distributed based on their injury and what the availability was at Brooke Army Medical Center, as well as Wilford Hall. So we had ongoing communication and coordination between the two facilities at the reception site out at Kelly, to ensure that the workload was distributed on the basis of the surgical capability and the operating room capability at that time.

So there was a method by which we did do that sorting and distribution.

BONE MARROW TRANSPLANTATION

Senator **Inouye**. I would like to ask a question relating to your bone marrow transplantation center, which I gather is serving as a CHAMPUS demonstration project site. The cost of doing a bone marrow transplant in-house is $120,000, as opposed to $250,000 under CHAMPUS. Does this $120,000 include all the costs that are included in the CHAMPUS figure?

General **Chong**. Yes, sir; in fact, that $120,000 includes all the costs for a whole year. Whereas the CHAMPUS cost does not include the followup for the whole year. So the CHAMPUS figure of approximately $250,000 does not include a whole year followup. We include that in our costs. That includes all the estimated personnel costs, supply, and medication in that $120,000.

Senator INOUYE. How many bone marrow transplants have you done to date?

General CHONG. We have done, to date, 95 allogeneic-type transplants. Let me define that. An allogeneic bone marrow transplant is when we take a genetically matched donor, and as a rule, a sibling, a brother or sister, we take their bone marrow and transplant it to the recipient.

The other type of bone marrow transplantation we do is autologous bone marrow transplantation. And that is where we take your bone marrow, freeze your bone marrow, and then give it back to you following cancer treatment.

And of course that is what the bone marrow transplantation program is for, to treat patients who have malignant diseases, or specific malignant diseases.

So we have done in excess of 250 autologous transplantations over the course of the past 5 or 6 years. So we had that program going prior to the demonstration project.

Senator INOUYE. Does your success rate compare favorably with the success rate in the civilian sector?

General CHONG. Yes, sir.

In addition to that, one other thing I might mention is the fact that not only is it cost savings to the Government, but it is also cost saving to the patient, from the standpoint that the patient, if we do them at Wilford Hall, they do not have to pay the copayment.

And in addition to that, they have the support services of the base and the local community. So that if we were to send them to a large city where most of the bone marrow transplantation services are located, they would also have to pay for living expenses and also the copayment, which is quite costly to that family.

Senator INOUYE. Your hospital is the primary hospital for bone marrow transplants, is it not?

General CHONG. Yes, sir.

Senator INOUYE. Do you have a waiting list?

General CHONG. That is variable. We have a 10-bed unit. And 4 of those 10 beds are specialized—all 10 are intensive care beds, but 4 of them have the capability of what we call laminar air flow, so that this is because patients who have bone marrow transplantations, there is a concern, and the major concern is of infection.

We will frequently have those four beds filled in the laminar air flow unit. So we can have a waiting list. It depends. A patient will spend anywhere from 21 to 28 days in that particular room, isolated. And so it really will vary.

So, sometimes we will have a waiting list; sometimes we will not.

Senator INOUYE. Thank you, General Chong.

ROLE OF WILFORD HALL IN OPERATION JUST CAUSE

Admiral Halder, was your hospital put on alert during Operation Just Cause?

Admiral **Halder**. We were not. We were aware, once the operation started. And certainly the front office staff talked about what we would do if we had to activate our own contingency plans.

Senator **Inouye**. So you were not called upon to prepare yourself?

Admiral **Halder**. No, sir; we received one casualty after the initial therapy at Wilford Hall. And it was primarily a referral to us because the patient's family lived in southern California. And we took over the care at the point of convalescence.

LONG WAITING PERIOD CONCERN FOR DEPENDENTS

Senator **Inouye**. I had the opportunity to spend a day on the *Eisenhower*. Sitting with some of the men there, one thing came through, and all of them were unanimous, all those with dependents were quite concerned with the long waiting period that their dependents had to experience in their clinics and hospitals.

Is that your problem, too?

Admiral **Halder**. Mr. Chairman, first of all, the waiting period to get an appointment, as General Chong suggested, is variable. It depends on the clinic.

For instance, orthopedics. We have so many active duty orthopedics patients to take care of that, for nonactive duty, there is a significant waiting period. And when there is a significant waiting period, we send those patients—or I should say the CHAMPUS referral office sends those patients into the community for CHAMPUS.

For most of our clinics, the waiting period may be as short as a day; for some it may be as long as 6 weeks.

When the waiting period is longer than practical to treat the illness—that is, if it is an acute or a subacute illness—we obviously do not ask the patient to wait for a protracted period of time, as I mentioned earlier in my prepared remarks.

CHAMPUS PRIME

That is why I consider this Prime portion of the CHAMPUS reform initiative so important to the dependents of those folks that are out aboard the *Eisenhower*. And that is why we have had such a significant number of the beneficiaries from that younger group sign up for this program.

When I go out into the community and field questions from the master chiefs off the ships, and from the ombudsman, the spouse representatives of the spouses who are left behind, uniformly, those that are using CHAMPUS Prime are giving it good marks.

And they are giving it good marks because, in those cases where we cannot meet those needs, CHAMPUS Prime is doing a good job filling those needs.

Senator **Inouye**. General Chong and Admiral Halder, I thank both of you for sharing your insights on what front-line medical officers have to do. It is very important to us.

We also thank you for accommodating this change in schedule. I hope you have a pleasant journey back to your duty stations.

ADDITIONAL COMMITTEE QUESTIONS

We will submit the balance of the questions for response in the record.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED TO ADMIRAL HALDER FROM SENATOR INOUYE

DEMONSTRATION PROJECT

QUESTION: Admiral Halder, you refer in your prepared statement to a project you are conducting with the Department of Health and Human Services to allow Medicare-eligible military retirees -- who are no longer eligible for CHAMPUS -- to use CHAMPUS-funded healthcare providers in your hospital on a reimbursable, space available basis, Could you describe this project for the Subcommittee?

ANSWER: In December 1987, the Office of Civilian Health and Medical Programs of the Uniformed Services (OCHAMPUS) announced the availability of a new program know as Military-Civilian Health Services Partnership. This program assumes the availability of physical space in the military treatment facility (MTF) and then allows the MTF to permit civilian healthcare providers to work in the MTF and care for eligible beneficiaries. These healthcare providers deliver care at a negotiated rate which is less than the CHAMPUS prevailing rate in the community. The program allows waiver of the CHAMPUS deductible and co-payment normally paid by the beneficiary. The provider bills the MTF if care is provided to an Active Duty member and bills CHAMPUS if the patient is CHAMPUS eligible. The advantages of this program are that the MTF is more completely utilized, the provider has no overhead expenses, the beneficiary enjoys improved access to the MTF and does not have to pay CHAMPUS deductibles and co-payments, and the cost of the care to CHAMPUS is less. The only remaining category of beneficiary, those that are eligible for care in the MTF and have reached the age of 65 and therefore (in virtually all cases) become Medicare eligible, were not benefiting from this program. This beneficiary group, which has experienced a steady erosion of in-house MTF benefits over the past several years, is precisely the age group which offers the pathology necessary to support several of our Graduate Medical Education (GME) programs. At Naval Hospital, San Diego, we have Partnership agreements in Cardio-thoracic Surgery, Primary Care, and approximately eight other medical/surgical specialty areas. NHSD negotiated with Region IX of the Healthcare Financing Administration (HCFA) and finally established a pilot project which allows these same Partnerships providers, in Cardio-thoracic Surgery and Primary Care, to treat Medicare eligible beneficiaries. In turn, the provider would bill Medicare rather than CHAMPUS or the MTF, and HCFA allows waiver of the Medicare deductible and co-payment. This project offers us the opportunity to increase visits to the Primary Care Clinic, which serves as the "gate-keeper" or triage clinic for the more sophisticated medical/surgical sub-specialties. Therefore, NHSD has a larger beneficiary population from which to select the best training cases to support our GME. Today, Medicare eligible beneficiaries comprise 50-60% of the surgical caseload in Cardio-thoracic Surgery and are a very significant contribution to our ability to train military surgeons. In addition, HCFA claims that this pilot project, at NHSD and in Cardio-thoracic Surgery alone, has saved over 1,000,000 Medicare dollars in the past year.

As of 31 March 1990, HCFA has terminated this pilot project. NHSD was told by Region IX that legal counsel to HCFA headquarters in Baltimore has stated that legislation would be required to continue or proliferate the project. The basic problem appears to be that there is no legislative authority for allowing waiver of the Medicare deductible and co-payment even if the care is provided in a military treatment facility.

DEMONSTRATION PROJECT

QUESTION: California uses more CHAMPUS dollars than any other state in the Union, approximately $345 million per year. Should not your main focus be recapturing CHAMPUS recipients into the direct-care system?

ANSWER: Absolutely, and it is. As examples of our efforts set to recapture CHAMPUS care, NHSD has negotiated over 30 Health Services Contracts, 10 Partnerships Agreements, and four resource sharing arrangements with the CHAMPUS Reform Initiative (CRI) contractor. These programs alone have added approximately 235 full time equivalents (FTEs) to our healthcare provider staff. As a result, last year the number of MTF non-availability statements (referrals to CHAMPUS) issued by NHSD decreased by over 20% from the previous year. We are continuing to vigorously pursue additional CRI sharing arrangements as well as other avenues for obtaining additional healthcare providers such as improved utilization of Navy Reservists. These programs allow CHAMPUS recapture and also contribute very significantly to our GME programs. Our reason for pursuing cooperative efforts with HCFA is primarily because we need the clinical care opportunities provided by this age group to support our Graduate Medical Education as describe above.

QUESTION: Do you have an active program to go out and find Medicare-eligibleto treat in your hospital?

ANSWER: No. It has been our experience at NHSD that military healthcare beneficiaries, whether CHAMPUS or Medicare, would first prefer to come to NHSD, the demand for care almost always exceeds our ability to provide.

GRADUATE MEDICAL EDUCATION

Admiral Halder, all the Services seem to be proud of their Graduate Medical Education programs, and, from your statement, the Navy is no exception.

QUESTION: Can you give us some examples of the types of residencies and post-doctoral programs you offer?

ANSWER: Listed below are the residencies and post-doctoral programs we offer at Naval Hospital, San Diego:

RESIDENCY	PROGRAM LENGTH	TOTAL POSITIONS	CURRENT # OF TRAINEES
ANESTHESIOLOGY	3 YRS	18	16
DERMATOLOGY	3 YRS	12	12
EMERGENCY MED.	3 YRS	19	19
INTERNAL MED.	3 YRS	23	23
OB/GYN	4 YRS	17	17
OPHTHALMOLOGY	3 YRS	12	11
ORTHOPEDICS	4 YRS	20	18
OTOLARGYNGOLOGY	4 YRS	12	12
PATHOLOGY	4 YRS	9	9
PEDIATRICS	3 YRS	13	13
PSYCHIATRY	4 YRS	12	12
RADIOLOGY	4 YRS	28	28
SURGERY	4 YRS	16	16
UROLOGY	4 YRS	8	8
		219	214
FELLOWSHIPS			
ADOLESCENT MED.	2 YRS	2	2
CARDIOLOGY	3 YRS	9	9
GASTROENTEROLOGY	2 YRS	4	4
HEMATOLOGY/ ONCOLOGY	3 YRS	3	3
INFECTIOUS DISEASE	2 YRS	4	4
NEPHROLOGY	2 YRS	2	1
PULMONARY DISEASE	2 YRS	4	4
MATERNAL/FETAL MEDICINE	2 YRS	1	1
DERMATOPATHOLOGY*	2 YRS		
		29	28
INTERNSHIP PROGRAMS			
BASIC MEDICINE	1 YR	18	18
BASIC SURGERY	1 YR	21	21
TRANSITIONAL YEAR	1 YR	19	19
PEDIATRICS	1 YR	5	5
OB/GYN	1 YR	6	6
PSYCHIATRY	1 YR	3	3
		72	72
DENTISTRY			
GENERAL MEDICINE	1 YR	4	4
ORAL & MAXILLOFACIAL SURGERY	4 YRS	6	6
		10	10
TOTAL		330	324

*Joint program with Scripps to begin Jul 90.

QUESTIONS SUBMITTED TO GENERAL CHONG FROM SENATOR INOUYE

Mental Health Care

QUESTION: You mention that the 1989 CHAMPUS bill in San Antonio was $33 million. Of that sum, $25 million was for mental health services including $21 million for child and adolescent psychiatric care and services. You further note that Wilford Hall is setting up an important adolescent psychiatric unit and Brooke Army Medical Center is setting up an outpatient unit. Are these units in operation now?

ANSWER: Neither the Wilford Hall nor the Brooke Army services are available at present. We hope to achieve operational status by February 1, 1991.

QUESTION: How much of the $21 million spent on adolescent treatment in 1989 would you expect to be able to recapture from CHAMPUS?

ANSWER: From an investment of $2.3 million during FY 1990-1991, we anticipate CHAMPUS will recapture approximately $6.3 million during FY 1991. The Child/Adolescent Psychiatry Project should yield similar net savings beyond FY 1991.

	INVESTMENT	GROSS SAVINGS	NET SAVINGS
FY 1990	$ 537.4	$ -	$ (537.4)
FY 1991	1,766.4	6,311.2	4,544.8
Total	$2,303.8	$6,311.2	$4,007.4

QUESTION: In some parts of the civilian medical community the emphasis is being shifted from inpatient adolescent psychiatric care to outpatient - both as a cost containment measure and because statistics seem to indicate it is equally effective. Are Wilford Hall and Brooke looking toward emphasizing outpatient care?

ANSWER: It is our intent to provide care in the most cost effective manner possible. Outpatient care will be emphasized whenever it is in the best interest of the individual patient.

SUBCOMMITTEE RECESS

Senator INOUYE. This subcommittee will stand in recess until 2:30 this afternoon. We will meet in SD-124.

Admiral HALDER. Thank you, Mr. Chairman.

General CHONG. Thank you, sir.

Thank you very much.

[Whereupon, at 12:20 p.m., Tuesday, March 20, the subcommittee was recessed, to reconvene at 2:30 p.m., the same day.]

(AFTERNOON SESSION, 2:37 P.M., TUESDAY, MARCH 20, 1990)

DEPARTMENT OF DEFENSE

HEALTH AND NURSING PROGRAMS

STATEMENT OF DR. ENRIQUE MENDEZ, JR., ASSISTANT SECRETARY OF DEFENSE FOR HEALTH AFFAIRS

ACCOMPANIED BY DAVID NEWHALL, ACTING DEPUTY ASSISTANT SECRETARY

OPENING REMARKS OF SENATOR INOUYE

Senator INOUYE. The subcommittee will please come to order. This afternoon we will be hearing from a number of witnesses on the subject of health care for active military retirees and dependents.

Before we begin, I want to offer my apologies to the witnesses for having to change the schedule today on such short notice. Late yesterday afternoon, I was called in for an urgent consultation this morning. Consequently, it was impossible for me to be here at 9:30 this morning. In an effort to accommodate the witnesses who had come out of the city, we had a brief hearing late this morning and heard testimony from Admiral Halder, Commander of the Naval Hospital in San Diego, and from General Chong, Commander of Wilford Hall Air Force Medical Center in San Antonio. So I appreciate your willingness to accommodate and adapt your schedule at the last minute.

This subcommittee has always had a keen interest in adequate medical care for the military community. I have been particularly concerned that this care be at least equal to care provided in any sector of the civilian world. I offer to all concerned my assurance that we will continue to work with the Department of Defense to maintain the standards of medical care available to the men and women of our armed services.

PEACETIME HEALTH CARE

We are aware that the principle thrust of military medicine must be readiness: the ability to deploy medical personnel in wartime or crisis settings. For the first time in many years, however, we have been given a respite by extraordinary events which have taken place in Eastern Europe. No one knows how long this respite will last, but it does give us an opportunity to look at what is happening in medical care in the military—care for both active duty and dependent/retiree populations. Thus, our hearing today will be focused more on peacetime health care than on the ability of the medical services to respond to emergencies.

However, there is a crisis in health care in America today, both military and civilian. As health care becomes more sophisticated and more expensive, the civilian medical communities is acting to find ways in which to provide high-quality medical services but at a lower cost. I am aware that the military is also exploring means to increase accessibility to health care while at the same time seeking ways to provide this health care cost effectively.

INCREASED HEALTH CARE COSTS ASTRONOMICAL

But I think it is important to say in this public forum that more needs to be done. The increase in CHAMPUS costs alone are horrifying. Since 1981, the bill for CHAMPUS has increased from slightly under $800 million to about $3 billion, or nearly 350 percent. It has been suggested that one way to decrease the rising cost of health care for the military is to bring more of it into military hospitals.

Over the past several years, Congress has provided millions of dollars over and above what the services have requested to enhance the ability of military hospitals to absorb more of the care for the CHAMPUS eligible population, and yet the costs continue to rise. Frankly, I do not know what the solution is.

However, I am hopeful that our first witness this afternoon, Dr. Enrique Mendez, the new Assistant Secretary of Defense for Health Affairs, will be able to bring his considerable experience and expertise to bear on this problem.

Dr. Mendez is almost uniquely qualified for this new position. He has served in every facet of military medicine from general duty medical officer to hospital commander to Deputy Surgeon General of the Army. He has been dean of a medical school, medical director of a private not-for-profit hospital, and Secretary of Health for the Commonwealth of Puerto Rico. All of us hope that in this varied and interesting background lies the seed of a solution to the problems we are facing today.

So, Dr. Mendez, it is with particular pleasure that I welcome you to your first appearance before this subcommittee. I am certain that my colleagues join me in wishing you every success in your new endeavor, and I have no doubt that the next few months will be a challenge for you. But I am equally certain that it is a challenge you welcome and look forward to. We are most interested in having your comments. We have received your full statement and it will be made part of the record. You may proceed as you wish, sir.

Dr. MENDEZ. Thank you, Mr. Chairman. First of all, I want to thank you for your very warm welcome. I am grateful to you for your kind words and I certainly appreciate the opportunity to come before you this afternoon to discuss the defense medical program for fiscal year 1991.

STATEMENT HIGHLIGHTED

It really is quite remarkable, the interest that has been shown by this subcommittee over the last few years as I read the materials, being that I have been away from Washington for a number of years. The interest has been very tangible and it has also had direction. So, sir, I look forward to working with you as we attempt to solve some problems that really are our most difficult.

MILITARY MEDICAL BUDGET

Briefly, the total military medical budget continues to hover around the $13 billion mark. This $13 billion amount funds much more than day-to-day operations of the military medical system as you are perfectly aware. It also includes funding for all medically related programs in the Department of Defense—from medical construction to biomedical research, from deployable medical systems to health professions scholarships.

Approximately $9 billion of this $13 billion is spent on peacetime operation of the system, basically providing health care to our 9 million beneficiaries. Of this $9 billion in operating costs, close to $3 billion is spent to finance the CHAMPUS program with the remaining $6 billion devoted to the operation of our military treatment facilities.

Consistent with national trends, the inpatient care in military hospitals has declined and the demand for outpatient care is increasing. The general trend is not surprising and it certainly reflects what is going on in the rest of the Nation. Between 1985 and 1989, admissions were down by approximately the same percentages in both CHAMPUS and the direct care system. However, for outpatient visits, the number of visits in the direct care system actually decreased. This is from 1985 to 1989. The number of outpatient visits financed by CHAMPUS increased in that 4-year timeframe almost 65 percent.

Two trends were abundantly clear, looking at those statistics. First, that our beneficiaries are demanding more care of the military health services system as evidenced by the total increase in encounters for the system as a whole, and that much of that care was being provided by CHAMPUS during that timeframe.

DEPARTMENTAL POLICY OBJECTIVE

The Department's policy objective has been to return workload to the direct care system. Recent statistics from fiscal year 1988 to fiscal year 1989, indicate that the investment efforts that have been made for that to happen and the efforts of this committee have not been in vain. The fiscal year 1989 direct care workload when compared to fiscal year 1988 does show increased admissions for retirees and dependents of retirees.

Similarly, and I want to home in on the outpatient visits, even though the 5-year trend from 1985 to 1989 showed an overall decrease of some 4 percent in outpatient visits, the comparison from 1988 to 1989 indicates an increase in total outpatient visits in military facilities of about 1 percent. I reviewed the statistics of the first quarter of fiscal year 1990 to see if this trend was continuing, and indeed it is, Mr. Chairman.

In terms of support personnel, the services are dedicated to continuing to direct efforts at reversing the downward trend in care provided by our military hospitals and clinics. The $90 million that was appropriated in fiscal year 1990 for additional support personnel is a fine example of an influx of resources that can clearly contribute to increased capability. The Department has exempted up to 1,000 medical personnel per service from the recent civilian hiring freeze, and each service Secretary also has been provided with authority to release additional positions on a case-by-case basis when it is essential to meet medical requirements.

My particular thanks to you, Mr. Chairman, for your help and to your staff for helping in this particular endeavor.

NURSING CONCERNS

This committee has also been particularly sensitive to morale problems within various nonphysician health care disciplines, particularly nursing. This is a very great concern of mine as well. Nursing has been, for a number of years, of significant concern to me and it continues to be. Congress has given the Department a 2-year authority for both an accession bonus for nurses and an incentive special pay for certified registered nurse anesthetists. I am optimistic that these will be effective in helping the military departments compete with the private sector for this vitally needed portion of our health professional team.

Once again, in terms of CHAMPUS funding, Mr. Chairman, we are facing another shortfall, $667 million in fiscal year 1990. This has been revised since I forwarded the advance copy of my statement to you last week. Close to $100 million of this shortfall is a result of a carryover into fiscal year 1990 of unpaid fiscal year 1989 claims. The balance, over $500 million, is explained largely by increased utilization and in some instances by unrealized investment savings. Our payment reforms have been successful in controlling the rate of growth in the cost per incident of care. However, overall costs continue to rise due to the increased volume of care.

I have asked the services to identify sources for the needed reprogramming and to proceed with submission of the appropriate documents.

HEALTH CARE MANAGEMENT

If I may turn now to the management of the health care program, I believe that managed care carries the greatest potential for improvement in both utilization and unit cost control. The CHAMPUS reform initiative, for instance, is a very successful innovation so far in applying managed care to the military health care system. But we are pursuing other possibilities, too, such as the fiscal intermediary demonstration in the Southeast region and the fixed price mental health contract in the Tidewater, VA, area.

As you know, too, catchment area management programs are underway, both in the Army and the Navy with the Air Force sites now also coming on line. The CHAMPUS reform initiative has been delivering services in California and Hawaii for about 1½ years. Beneficiaries are happy with the improved medical benefits: not having to file their own claims, access to preventive care, and the system of health care finders.

Military hospital commanders have voiced strong support for the program, also. Resource sharing agreements with a contractor have allowed them to increase their in-house capabilities, recapturing CHAMPUS workload. I am well aware of the difficulties that the program underwent in its early days of operation with which this committee was justifiably concerned. Substantial improvements have occurred. The startup problems with both network and standard claims processing have been virtually eliminated. The financial condition of our contractor has improved. CRI is saving money. The Rand Corp. has found that CRI costs increased 4.6 percent and estimated that without CRI, costs would have increased 22 percent in the same area.

I believe that evidence to date shows that CRI has some features that can help our military hospitals and CHAMPUS become a more efficient and cost-effective integrated health care system.

PREPARED STATEMENT

Mr. Chairman, this concludes a summary of my statement today. I will be happy to answer any questions from you or any of the members of the subcommittee at this time.

[The statement follows:]

STATEMENT OF DR. ENRIQUE MENDEZ, JR.

Mr. Chairman, members of the committee, I thank you for the chance to come before this Subcommittee which has shown an exceptional interest in the Military Health Services System. I applaud your interest and dedication and I look forward to working with you in attempts to solve even our most contentious problems.

MILITARY HEALTH SERVICES SYSTEM (MHSS)—FUNDING AND WORKLOAD TRENDS

I believe the problems facing us are best viewed in the context of recent statistics for the Military Health Services System. The total military medical budget continues to hover around $13 billion. We should always remember that the $13 billion funds much more than day-to-day patient care operations of the medical care system. It includes funding for all medically-related programs in the Department of Defense from medical construction to biomedical research, from deployable medical systems to health professions scholarships.

Of the total $13 billion, approximately $9 billion is spent on peacetime operation of the system designed to provide medical care to our 9 million plus beneficiaries. Of this $9 billion operating cost, close to $3 billion, or one-third, is spent for care financed through the CHAMPUS program, with the remaining $6 billion (two-thirds) devoted to the operation of our military hospitals and clinics.

What do recent statistics tell us about the operation of the Military Health Services System? Admissions are down in the total system. From 1985 to 1989, total admissions in military hospitals or financed through CHAMPUS dropped from 1.3 million to approximately 1.2 million, or by 6.9 percent. Meanwhile, outpatient visits in the total system increased 2.8 percent, from 54.3 million to 55.8 million. This is consistent with the nationwide downward trend in inpatient care and corresponding increase in outpatient care, partly explained by the fact that an increasing number of medical procedures no longer require being admitted overnight to a hospital. The general trend is not surprising.

What is interesting, though, is the breakout of these statistics between the two components of our system and the overall increase in the number of "encounters" demanded of our system. Admissions were down by approximately the same percentages in both CHAMPUS and direct care, 4.5% and 7.6% respectively. However, for outpatient visits, the number of visits in the direct care system actually decreased by 2 million, or about 3.9% from 1985 to 1989, while the number of outpatient visits financed by CHAMPUS increased by 3.4 million, or almost 65%. As this Subcommittee is aware, our military facilities are providing less care than we did five years ago and CHAMPUS is financing more of the care—especially outpatient care—needed by our beneficiaries. In addition, however, our beneficiaries are demanding more care of the Military Health Services System as evidenced by the total increase in encounters for the system as a whole.

INCREASED CAPABILITY OF MILITARY FACILITIES

This Committee has made continued efforts to reduce the downward trend in the amount of care provided by the less expensive direct care system. Your efforts to improve the capability of the direct care system by providing increased resources over the past several years are well-intentioned and reinforce some of the same initiatives undertaken by the Department.

I cannot assure you that the downward trend in workload at military hospitals and clinics has been totally reversed. However, I have noted that recent statistics (fiscal year 1988 to fiscal year 1989) indicate that our investment efforts and the efforts of this Committee have not been in vain. We spoke of admissions for the total system decreasing. This is true of both the direct care and CHAMPUS components over the past five years. However, the fiscal year 1989 direct care workload, when compared to fiscal year 1988 shows an increase in admissions for retirees and dependents of retirees.

Similarly for outpatient visits, even though the five-year trend from 1985 to 1989 shows an overall decrease of 4 percent in outpatient visits, the comparison of 1988 to 1989 indicates an increase in total outpatient visits in military facilities of about 1 percent. Certain beneficiary categories increased while others decreased. Outpatient visits by active duty personnel increased over 2 percent from 1988 to 1989. Outpatient visits for retirees increased 1 percent and outpatient visits of active duty dependents also increased.

I can only hope that this long awaited upward trend of workload at our military facilities is an indication that we have been successful in reversing the trend, that we have turned a corner, and are now on the road to increasing our capability within the direct care component.

STAFFING/SUPPORT PERSONNEL

The Services, I know, are dedicated to continuing to direct efforts at reversing the downward trend in care provided in our military hospitals and clinics. The Department and the Congress continue to encourage these efforts by providing additional resources and tools to increase their capacity. The $90 million appropriated in fiscal year 1990 for additional support personnel, a much welcomed initiative of this Committee, is a fine example of an influx of resources that can clearly contribute to increased capability. The Department has recognized the importance of obtaining these personnel by exempting up to 1,000 medical personnel per Service from the recent civilian hiring freeze. Each Service Secretary also has been provided with authority to release additional positions on a case by case basis when it is essential to meet medical requirements. My particular thanks to you, Mr. Chairman, for your help with medical support staff.

NONPHYSICIAN HEALTH CARE PROVIDERS

This Committee has also been particularly sensitive to morale problems within various nonphysician health care disciplines, particularly nursing. The Department, too, is working on solutions, a portion of which certainly lies in special pays. The Congress has given the Department a two-year authority for both an accession bonus for nurses and an Incentive Special Pay for Certified Registered Nurse Anesthetists. The Department appreciates this support and is optimistic that it will be effective in helping the Military Departments compete with the private sector for this vitally needed portion of our health professional team.

COMPREHENSIVE HEALTH CARE MANAGEMENT (CHCM)

There are other management initiatives underway, some as a result of this Committee's urging. We intend to move ahead on a number of approaches to improving the efficiency of DOD direct care system operations. In June, 1989, Health Affairs initiated the Comprehensive Health Care Management Project to accelerate efforts to develop, test and put into place several key management tools. Not all parts of CHCM are new. Some, such as use of Diagnosis Related Groups [DRGs] for resource allocation and enrollment, are legislatively mandated and were already under development. Others, such as uniform manpower standards, were underway but needed enhancement by the addition of new resource measurement factors. Still others, such as quality assurance and improved recovery of third party payments, were priority national programs for which CHCM became a means of accelerating development and testing new concepts. When fully integrated with the Composite Health Care System [CHCS] the features of CHCM will constitute a management framework which will provide a range of managed care options for the local hospital commander.

COMPOSITE HEALTH CARE SYSTEM

DOD medical professionals support a very large medical workload. Each year our military medical facilities admit some 900,000 inpatients, and see some 47 million outpatients. The Composite Health Care System, known as CHCS, is the Department's program to provide automation support to DOD hospitals and outpatient clinics. It is the primary instrument by which we will modernize and streamline our own hospital operations.

At this juncture, CHCS is undergoing operational testing and evaluation in 10 military hospitals to determine whether the system will fully satisfy our clinical and administrative needs. In October 1990, the Department will decide whether or not to proceed with worldwide deployment based on data collected in this operational test.

Tripler Army Medical Center in Honolulu, Hawaii, is one of the initial test sites for CHCS. Due to its heavy workload and linkages to nine outlying clinics, Tripler will be the premier site at which we test the capability and capacity of CHCS to support a large teaching center. Working closely with the General Accounting Office, we have designed a testing strategy which will test not only the system's hardware and software, but also our ability to deploy it worldwide. We are pleased to be working closely with MG Seitter and the excellent staff at Tripler as we approach the formidable task of completing operational testing and evaluation of CHCS in the next seven months.

CHAMPUS FUNDING

I have mentioned the increased demands placed on the military medical system. These increased demands have been most visible and startling in the CHAMPUS program. While military treatment facilities handled some 400,000 more outpatient visits in fiscal year 1989 compared to 1988, CHAMPUS outpatient visits shot up by 1.1 million. It is this increase in total demand throughout our system that is driving the CHAMPUS cost escalation because our military hospitals and clinics have been able to absorb only about one-quarter of the increased demand. And the vast bulk of the increased load they have absorbed has been active duty members, not CHAMPUS eligibles.

Once again we are facing a shortfall—$541 million in fiscal year 1990. Close to $100 million of this shortfall is a result of a carryover into fiscal year 1990 of unpaid FY 1989 claims. The balance, over $400 million, is explained by the simple fact that utilization increased—an increased number of CHAMPUS claims were submitted for payment. Our payment reforms, put in place in recent years with your support have been successful in controlling the rate of growth in the cost per incident of care financed by the CHAMPUS program (both through Diagnostic Related Groups (DRGs) and the application of the Medicare Economic Index.) However, overall costs continue to rise due to the increased volume of care to which I referred earlier.

To resolve the fiscal year 1990 funding shortfall, I have asked the Services to identify immediately sources for the needed reprograming and quickly proceed with submission of the appropriate documents to the Congress.

The fiscal year 1991 President's Budget request fully funds CHAMPUS against the best estimate of the requirement. The Department re-evaluates budget estimates frequently and periodically in order to have early notice of any adjustment to the requirement. We are monitoring the fiscal year 1991 CHAMPUS funding situation closely.

Looking beyond fiscal years 1990 and 1991—for a long term solution to our cost escalation problem—I cannot bring you today a quick fix. I do agree with the concept advocated by this Committee: to reduce reliance on a sometimes more costly CHAMPUS program, the direct care system needs to be used to the greatest extent possible.

MANAGED CARE

Educating and motivating patients to use the system more effectively and to seek the most cost-effective source of quality care is not a new concept. It is the managed care concept with which we are all familiar. Managed care carries the potential for the greatest effect for improvement in both utilization and unit cost control. As an integrated approach, proven managed health care techniques can reach three major objectives—cost containment, service enhancement, and improved coordination within the overall system.

The CHAMPUS Reform Initiative stands alone right now as a successful innovation in imposing managed care on our system. There has been a modicum, but increasing, evidence of success with our managed care programs in other parts of the country such as the fiscal intermediary demonstration in the southeast region and the fixed-price mental health contract in the Tidewater, Virginia area. As you know, too, catchment area management programs are underway in both the Army and the Navy, with the Air Force sites now coming on line.

The CRI has been delivering services now in California and Hawaii for a year and a half. Its impact is definite. Beneficiaries are happy with the improved medical benefits from participating providers, not having to file their own claims, preventive care, and the system of health care finders. Over 11,000 doctors and 130 hospitals have joined networks. 69,000 beneficiaries are enrolled in CHAMPUS Prime; over half of our claims now come from network providers over whom we have increased quality and cost controls. We have close to 100 Health Care Finders in MTFs in the demonstration area assisting staff and patients coordinate their health care needs.

Military hospital commanders have voiced strong support for the program. Resource sharing agreements with the contractor have allowed them to respond to beneficiary needs by increasing their in-house capabilities, recapturing CHAMPUS workload. CRI provides our military hospital commanders with an easy-to-use, cost-effective tool that truly helps them manage the beneficiary population within their catchment areas at a predictable, fixed price.

I am well aware of the difficulties the program underwent in its early days of operation with which this Committee was justifiably concerned. Substantial improvements have occurred with the financial capability of the contractor. All financial indicators point to a company that is continuing to improve its financial condition. The Defense Contract Audit Agency changed its assessment of the company's chance of bankruptcy from likely to remote. Independent auditors upgraded their unfavorable financial opinion to favorable.

The substantial start-up problems with both network and standard claims processing systems have been virtually eliminated—with few individual exceptions. The subcontrator hired to fix network claims, Electronic Data Systems (EDS) has now processed 96% of the 1.5 million network claims received to date. Blue Cross of Washington and Alaska has processed 97% of the 1.6 million claims they have received.

One of the key principles forming the cornerstone of this demonstration always has been that the demonstration should continue only if the actual price is likely to remain below what CHAMPUS would have cost without the Reform Initiative. In preliminary results published in January, the RAND Corporation found that CRI costs increased 4.6 percent and estimated that, without CRI, costs would have increased 22 percent in California and Hawaii. This contrasted with CHAMPUS cost increases of 17 percent in the catchment areas of the other 48 states. That says to me that costs are contained significantly over what happened in the rest of CHAMPUS. With an estimated $30 million savings in two states during its first year, that tells me CRI has some features that can dramatically help our military hospitals and CHAMPUS, with which they interface under CRI, become a more efficient and cost effective integrated health care system.

I expect our managed care efforts will need adjustments from lessons yet to be learned. Our medical care system's dynamics leave us with great challenges. But we are in step with the best of what is happening throughout the health care industry, and I expect we will be a leader in many future changes.

CONCLUSION

While my remarks today have dwelt on several issues that I have concluded are of great interest to this Committee, let me assure you that during my tenure as Assistant Secretary of Defense for Health Affairs, I do not intend to ignore the myriad of other complicated and interrelated issues that fall under my office's purview, among them: to further improve our medical readiness capability; to assess changes for improvement in the management of the overall military medical system; to attract and retain the highest quality medical personnel possible in our active and reserve forces; to continue to surpass the quality assurance standards of the civilian health care sector; to continue to advocate health promotion actions on the part of our military personnel; to continue, in militarily relevant ways, to play a key role in the fight against AIDs, and participate in AIDS research.

For the sake of brevity, I have not addressed these issues. Please do not take this as an indication of either my interest or an establishment of my priorities.

Mr. Chairman, I would be happy to answer questions on these or any other topics.

CHAMPUS COSTS

Senator INOUYE. Thank you very much, Dr. Mendez. If I may, I would like to begin with CHAMPUS. As you indicated, late yesterday, your office informed my staff of this additional shortfall of $667 million, and in analyzing the shortfall, I notice $355 million is from increased utilization of CHAMPUS. With that large number, are you confident that your fiscal year 1991 request is accurate?

Dr. MENDEZ. The fiscal year 1991 request, sir, is accurate in terms of the way that it was developed at a little over $2.8 billion. If we realize the economies that may occur because of the built-in incentives into the system, in terms of returning back some workload to the direct care system, the answer is yes. There is a proviso in that that assumes an investment return to the services.

Senator INOUYE. I notice that one of the costs is the inclusion of the Coast Guard into CHAMPUS. Is Coast Guard included in the fiscal year 1991 budget?

Dr. MENDEZ. It is in the fiscal year 1991 budget estimate, sir.

CIVILIAN HIRING FREEZE

Senator INOUYE. In your statement, you mentioned the initiative of this committee to find additional support personnel for military medical facilities. You also state that the Department's exempting up to 1,000 support personnel per service from the hiring freeze. My question is, Are these 1,000 additional personnel per service, or is it merely to permit the services to stay even?

Dr. MENDEZ. No, sir; those 1,000 slots include slots that may have been empty or that may empty out because of attrition, as well as any new slots. The combination of these are included in that 1,000 provision; they are not specifically a plus-up of 1,000 additional personnel.

Senator INOUYE. Just as a matter of curiosity, I notice that the three services have 1,000 exempted per service, yet the Army is supposed to be the biggest service. Why the same number for all three?

Dr. MENDEZ. The same number was the number projected through our FM&P Office. At the same time, however, authority was passed on to the service Secretaries which basically states that if the number is larger than 1,000 in a specific service and that number is justified, that the number may go up, sir.

Senator INOUYE. As you know, Doctor, DOD will be facing substantial reductions in end strength. In addition there will be base closures and I suppose some will include and involve military hospitals. Has the Department any plans designed to avoid disruptions in the medical system as these reductions and closures occur? Do you have any plans?

Dr. MENDEZ. Yes, sir; if I may, my answer will be a little bit protracted because I think that there are some qualifiers in it that have some degree of importance.

I think the first thing that we must look at is that whatever cut causes a base closure and, therefore, a hospital closure within that base, may affect different categories of beneficiaries in different ways. Example: If the active-duty personnel that are presently being cared for within that particular area are shifted to another area together with their families, then we would have to, of course, shift medical personnel if we do not have sufficient medical resources within that new area to care for that influx of personnel. That is one effect.

No. 2: The retirees and their dependents in that area who are over age 65 and are presently using that hospital as their solo type of support, would be left with the opportunity of utilizing Medicare with the accompanying deductible and copayment. So the effect on them would be different from active duty and their dependents.

Third, for the individuals who are not yet age 65 and who are retired; dependents of retired and dependents of deceased, these individuals would have to use CHAMPUS in that area if that area does not have a managed care mode such as CRI. So the effect on these beneficiary categories is different.

If we look at the closure of a particular hospital or medical center that has, for instance, graduate medical education, then the continuity and retention of medical corps officers in certain specialties is affected by that. And the graduate medical education would have to be picked up either anew in the formation of a medical center or distributed within those medical centers that would be able to support the totality of that mission as it is distributed to them. This is sort of a long answer to your question, but I believe that it does have these types of effects as we go into this type of closure mode for certain of our hospitals.

Senator **INOUYE**. I can understand the movement of active duty personnel, because they will have the services of a hospital in the new post. But for the retirees it is either Medicare or CHAMPUS.

Dr. **MENDEZ**. Yes, sir; there is perhaps an exception to that that has to do with those areas that have USTF's. But in general the options have been the CHAMPUS, Medicare, or in those areas that have some type of managed care such as CRI, then it would be a source of care.

RAND STUDY ON CRI

Senator **INOUYE**. To demonstrate the effectiveness of the CRI, the DOD has relied heavily on a recently published study by Rand Corp. indicating the CHAMPUS costs under CRI rose more slowly than under standard CHAMPUS. But this data is based on only 3 months' worth of information.

Do you believe that the data upon which the study is based is sufficiently hard enough to call for the expansion of this program?

Dr. **MENDEZ**. A difficult question which I have asked myself several times. Let me put my thoughts in the following way, if I may, sir.

First, indeed, the timing is fairly short. And the reason that Rand went with that 3-month period was because there had been difficulty during the inception of the program. Therefore, they wanted to take a period of time that was clear, if you will, of those difficulties in order to do the initial evaluation.

We then have a slope of a curve that is drawn over that relatively short period of time. And the answer, the generic answer to your question would be, it would be better if we had a greater degree of experience in terms of making a value judgment as to whether we should expand the program.

However, considering the length of time, and is the scientific nature of the conclusions such that it will be devoid of any other type of inputs, any other types of stresses that may affect the conclusion. In my judgment there will always be other types of things that may affect the final conclusion.

The first question is, Is there a possibility of harm coming out of a decision to expand? If we are to expand, would there be any harm out of that possibility of expansion? And why would you expand early? And the only reason that I have at this point to be uncomfortable with delaying the decision to expand for a protracted period is that the startup time requirement is very real.

In other words, if you made the decision today, sir, it most likely would take about 6 months to really begin.

What I would require for me to make a decision to start up is a full justification from the contractor that would show me that there is indeed the opportunity of placing each one of those parameters that are necessary in order to ensure continuity of care and to have an opportunity for success.

I would be less bothered in saying, yes, let us wait another 3; they are going to come back in 6 months. And the part of it that bothers me is that business of the startup time.

Senator **Inouye**. So given a choice, you would prefer to have the startup now?

Dr. **Mendez**. Given a choice I would prefer to ask now for the individuals to give me the justification in all of those parameters to make the value judgment; yes, sir.

EXTENDED MEDICAL COVERAGE

Senator **Inouye**. Under current law, military personnel who are involuntarily separated from the services lose their medical coverage at 12:01 a.m. on the day following their separation. I am certain this could have a devastating effect on military families, especially low-ranking enlisted personnel.

I am especially worried about service of family members who have—who may have conditions, something as simple as pregnancy, or as complicated as cancer which might prevent their receiving commercial insurance coverage because the conditions existed at the time of the separation.

I realize that officers who have served at least 5 years are entitled to severance pay, if they are involuntarily separated. But enlisted members are not currently eligible for such severance pay. But both officers and enlisted personnel lose medical benefits immediately upon separation.

Do you have any plans to permit a carryon of such benefits?

Dr. **Mendez**. Is there a transitional plan, I think, that you are referring to.

Senator **Inouye**. Yes.

Dr. **Mendez**. There is no specific plan at present, Senator, for a transitional plan for that group. There is a purchasable policy—I believe it is called USVIP—which can be purchased.

[The information follows:]

The Department is presently examining the need for special medical transition assistance, or carry on benefits in the event that a massive involuntary separation is mandated. At present, when members separate involuntarily or voluntarily, we offer them the option of purchasing a DoD negotiated medical insurance policy called the Uniformed Service Voluntary Insurance Plan (US Vip). It is offered by Mutual of Omaha and provides coverage that is similar to CHAMPUS.

Senator **Inouye**. Does the military encourage personnel to purchase that coverage?

Dr. **Mendez**. Yes, sir; it is encouraged.

Senator **Inouye**. Are military personnel all advised of this?

Dr. **Mendez**. I cannot answer your question, Senator. But I will be most happy to try to get the materials to answer it. I do not know how widely it is distributed.

[The information follows:]

By directive, all Uniformed Service members and, when practical, their family members and former spouses, are informed by employees in personnel offices, separation offices, identification card offices, military medical facilities, family service centers, chaplain's offices, and applicable legal offices, of the availability of conversion policies. The Services are directed to provide materials and assistance for enrollment at applicable times during members' active duty service, during separation processing, or when contacting any of the offices listed above about benefit status changes.

In addition, every effort has been made by my office, in conjunction with the Services, to point out the need for good medical coverage when individuals lose their military medical coverage and to publicize the availability of US VIP. Through the Armed Forces Information Service we have recently prepared T.V., radio and news releases. We have also designed a poster emphasizing the importance of asking about medical coverage and US VIP. The poster has been distributed to medical facilities, separation offices, personnel offices and family service centers world-wide.

Senator **Inouye**. I asked this question because we had a couple of letters from dependents who are pregnant and said that we cannot get coverage now, because that occurred while they were in service. And I hope that something can be done to alleviate that problem now that we are having separations possibly much more than anticipated.

If you could give us a cost estimate as to what it would cost us to provide this transitional coverage, say of 6 months.

Dr. **Mendez**. All right, sir.

Senator **Inouye**. I think that would help.

Dr. **Mendez**. Very well.

[The information follows:]

The Department is presently studying a number of possible benefit packages for involuntarily separated members. As soon as this study is completed and information is available on the cost of the various options under consideration, it will be provided to you.

With respect to the specific issue of maternity benefits, the Department is exploring options for providing a special separation maternity benefit for members or their dependents who are pregnant at the time that they learn they are to be involuntarily separated.

It is presently the policy of the Military Services to try to help active duty members or their dependents who need maternity care at the time separation is being considered. Pregnant active duty members are encouraged to stay in the Service. If they decide to separate they are given Secretarial Designee status, allowing them to deliver their baby at any military medical facility. In most cases, if an enlisted member with a pregnant wife is considering voluntary separation, the member will be offered a temporary extension. If the member is involuntarily separated, the Services will offer Secretarial Designee status that will allow his wife to have her baby in a military hospital.

In an attempt to provide another avenue of assistance to separating members, the Department has negotiated limited maternity benefits under US VIP. Like most private health insurance policies, US VIP does not cover the normal birth of a child conceived before the policy was purchased, but it will cover any unexpected complications of existing pregnancies.

INADEQUATE CHAMPUS FUNDING

Senator INOUYE. All of us are aware that CHAMPUS has experienced significant shortfalls in recent years. Indeed, as you have just stated, fiscal year 1990 totals $667 million. According to the GAO, the principal reason for these shortfalls has been that DOD—and these are the words of GAO—"deliberately underfunded CHAMPUS."

Can you tell us—although you were not Secretary at that time—but why was adequate funding not requested for CHAMPUS in previous years?

Dr. MENDEZ. When I looked at that question for myself, I saw two primary parameters that went into CHAMPUS funding decisions. One speaks to the model that is used to project workload, what we believe the load to be at *x* period of time. That is one portion of that.

The other portion of that speaks to the opportunity to be able to effectuate investment savings. If the model does not project workload correctly and we have an increase in demand, such as indeed we did this last year, you are going to have a shortfall in the model. If that is coupled at the same time with a portion of that investment savings which is not totally realized, then you are compounding the opportunity to indeed come out short.

And I believe that a combination of both those things takes place, Senator.

Senator INOUYE. As part of a strategy to reduce CHAMPUS costs DOD has been willing to provide additional resources to the services to enhance the direct care system. For every dollar invested in the direct care system, how much CHAMPUS cost will the Department avoid?

Dr. MENDEZ. I do not have an answer for that question, Senator Inouye. If you look at the cost avoidance, I think the cost avoidance will come about either because we are able to decrease frequency, in other words, to have a lesser number of individuals that are seen outside the direct care system, provided we are able to provide this care for less money within the direct care system; or that we are able to decrease intensity. Namely, that we have retrieved into the system a series of procedures that would have been done outside that now we can do within the direct care system for a lesser amount of money that are a little more intense than just the ordinary encounter between a patient and a physician.

And, I think, the third way is, how much can you manage the care with a series of instruments in which the continuity of the discipline of the provider is invoked. Example: Able to maintain what both the propriety of a procedure to be or an admission by requesting that that admission be preblessed, if you will, prior to the patient being admitted outside the direct care system.

Although I do not have a figure that says for every dollar invested in the direct care system, we should be able to get this amount back, in general, we have been able to produce care for a lesser amount within the MTF than outside the MTF. But we have not established a ratio of savings, you know, with an established numerator and denominator in terms of dollar savings, or that I am aware of, a specific loop of economies of scale or something that has to do with how much we would need to retrieve in order to save a specific amount.

I think that all of the impacts including the dollars that have gone into support personnel have indeed now during the 1988 to 1989 timeframe increased the amount of care within the services. But I think the important thing in terms of saving CHAMPUS dollars is that CHAMPUS visits also increased at the same time.

GRADUATE MEDICAL EDUCATION

Senator Inouye. One of your major problem areas is the occasional difficulty in filling certain specialty slots in the ranks of doctors. I gather that one of your programs, the Graduate Medical Education [GME] Program, is a great success in alleviating this shortage.

Do you think that this program should be expanded?

Dr. Mendez. I think that the potential for expansion of the program would vary by specialty. We have ability to expand certain programs provided we have sufficient patient load in order to be able to support expansion.

Certainly our experience with GME, Senator, my own personal experience in that I trained in the Army, in terms of retention is very significant. Depending on the percentage of the corps that you will have in training at any one period of time, if that percentage is too high, it may impact your effectiveness in the community-sized hospitals and clinics.

And although your yield will be good eventually, you will have a significant percentage of your total physicians within the medical centers. That is a reality. Within that reality you then have to ask whether you have enough patient substrate for training, particularly in the surgical specialties.

That becomes important because our programs are certified by entities external to the Department of Defense; by the residency review committees. In order to have our programs accredited and within the ACGME guidelines—the accrediting body in graduate medical education—to be able to follow those parameters becomes very important. If we did not have that at the same time that we are training, our programs would not be competitive.

So I think that the answer again is a fairly complex answer depending on specialty, groupings of patients, where you are going to train and your total ability to be able to train; and depending on the total number of Medical Corps officers that you would have to distribute within the system in order to be able to provide the care, particularly, when you are trying to retrieve care back into the system.

Senator **Inouye**. So do you believe that the present level of the Graduate Medical Education Program is sufficient to meet your needs at this moment?

Dr. **Mendez**. If our retention were stable by each one of the specialties, I would answer yes. But our retention is different in different specialties. Therefore, our ability to secure through other modes, individuals that are training outside of the military is another way of obtaining certain needed specialties. We are doing that also because we are not able to have enough of one particular specialty or another within the system.

ADDITIONAL COMMITTEE QUESTIONS

Senator **Inouye**. I thank you very much, Dr. Mendez. I have many other questions I would like to submit to you for your consideration and response. Once again may I congratulate you on your new endeavor. I am certain you will be a great success. Please be assured that we on this subcommittee stand ready to work with you in the weeks and months ahead.

Dr. **Mendez**. Well, I thank you, sir. And thank you very much for your warm words of welcome. I truly appreciate it, Senator.

Senator **Inouye**. I would also like to acknowledge the service of David Newhall as Principal Deputy Assistant Secretary acting over the past year and I hope that he will stay.

Mr. **Newhall**. Thank you, Mr. Chairman.

Senator **Inouye**. We thank you again.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED TO DR. MENDEZ FROM SENATOR INOUYE

HIV

QUESTION: The Committee is aware of the recent General Accounting Office report on the potential impact of the magnitude of those afflicted with the Acquired Immune Deficiency Syndrome virus (HIV) on the Department's and Veterans Administration's health programs. The Committee would appreciate learning what long-range planning efforts are being made, both within the Department and with the VA, to handle the projected health-related needs.

ANSWER: In its February 1990 report, the GAO specifically recommended that DoD plan for dealing with the increased demand for HIV-related medical care by budgeting for treatment costs. Specific areas of concern were prescription drugs, assessing which hospitals can accommodate the projected workload, and determining how to meet the needs for chronic care. On March 14, I directed the Services to provide me with a written plan within 60 days that addresses how they will implement the GAO recommendation. I have also directed my staff to develop future cost estimates to further address these concerns.

Adolescent Health Care

Question: During the past several years, the Carnegie Foundation and the Office of Technology Assessment have been developing comprehensive studies on the unique and pressing health-care needs of our nation's adolescents. What specific programs does the Department currently have in place to assure that military dependents who are in their adolescent years will receive comprehensive health care?

Answer: The Department provides comprehensive health care services to adolescents including age-appropriate screening and sports physicals, counseling concerning drug and alcohol abuse and immunization, as appropriate. These services are often provided in adolescent clinics through the pediatric service. In addition, the Services have suicide prevention programs to facilitate early identification and treatment of high risk children and teenagers. Currently, drug and alcohol counselors are also providing services in conjunction with the Department of Defense Dependents Schools in Germany. Finally, we have established special Diagnostic Related Groups (DRGs) for CHAMPUS reimbursement for care provided to persons under the age of 21 because of the unique needs of this population group.

In addition to these on-going programs, a Mental Health Demonstration project will begin on June 1, 1990, at Ft. Bragg, North Carolina. It is designed to provide the full continuum of mental health services to DoD beneficiaries under age 17 who live in the Fort Bragg catchment area. Services will include case management, inpatient care and partial hospitalization, group and residential homes, respite services, alternative family living, crisis stabilization, therapeutic and wilderness camp, special summer programs and outpatient care.

Question: Have DoD officials been involved in the Carnegie Foundation and or OTA deliberations?

Answer: In November 1989, the Office of the Civilian Health and Medical Program of the Uniformed Services participated in a conference sponsored by the Office of Technology Assessment which focused on the Federal role in Adolescent Health.

Civilian External Peer Review

QUESTION: For the past several years, the Committee has provided funding to support an external peer review process in order to assure that military personnel and their dependents have access to the highest quality of care possible. The Department has received some negative publicity in recent years regarding incidents of alleged "malpractice," which cannot be good for morale and the Department's public image. How is this external peer review program progressing, and how is it being received by the local medical community?

ANSWER: The concepts, methodology, and early results of the Civilian External Peer Review Program (CEPRP) were reported in the Journal of the American Medical Association in November 1988 (JAMA 260: 2690-2693, 1988). Subsequently, the review process has generated a large data base. Recent refinements of reporting methodology have been implemented and we are undertaking specific analyses of the data. Some examples include studies on perforated appendicitis and hysterectomy. Information to date suggests that the military health care system provides care that is similar to that provided in the civilian sector and is generally of excellent quality. As these studies are completed, it is our intent to publish them in appropriate professional journals. Workers in the field of quality assurance, especially those concerned with large review programs developing clinical outcome and related indicators, have expressed great appreciation and respect for the pioneering achievements presented by the CEPRP. Early reservation conveyed by some military personnel about this and other aspects of quality assurance efforts is changing favorably as greater involvement with the CEPRP develops over time.

QUESTION: The Committee expects that data will be collected, and maintained, that allows your office to make comparisons both across the Services, and within each Service, as to where there are incidents of inappropriate health care. For example, the Committee understands that, especially within the Air Force, there are several specific treatment facilities which have significantly greater incidents of "unacceptable" care. What facilities are these, and what is being done to ensure that appropriate changes are being made?

ANSWER: The use of the term "unacceptable" is unfortunate. Review of cases by the Civilian External Peer Review Program (CEPRP) in the earliest phase did use this term but it has been replaced with the phrase "care not meeting stated standards (criteria)." Most of the cases so identified do not involve adverse outcomes but rather involve some difference or disparity in practice from what civilian experts believe could and should be a more optimal practice or experience in a given situation.

While it is true that four of five hospitals identified as outliers in this type of analysis were small Air Force hospitals, there was no evidence to suggest that these institutions were associated with outlying adverse patient experience. The thrust of this Department's effort has been to communicate all such observations to commanders and health care personnel alike, providing the material for identifying areas of potential quality improvement.

Question: Are there any particular clinical diseases/incidents (such as appendectomies) where external peer review has found that individuals are being turned away from emergency rooms, but then are having to return on an emergency basis because the original clinician underestimated the severity of the symptoms?

Answer: Such incidents do occur over time in all military and civilian facilities addressing these clinical tasks. We are currently conducting a special study of our experience with appendectomies and will report the results in the near future. Early results suggest that this experience compares favorably to experiences reported from the civilian sector.

ER Child Abuse Cases

QUESTION: Last year, the Committee provided funding for the Department to monitor the extent to which military emergency rooms were picking up, and appropriately responding to, cases of probable child abuse. How is the initiative progressing? What locations have been selected? What is the Department finding?

ANSWER: Provisions have been made for new screening criteria to be added to the Civilian External Peer Review Program contract for the category of emergency room activities. Criteria development and screening implementation will begin immediately upon completion of contract modifications. The sites selected for the pilot project are U.S. Army Hospital Nuerenberg, Eglin Air Force Base Hospital, Tripler Army Medical Center, and the U.S. Naval Regional Medical Center, Camp LeJeune. A projected date for pilot testing is September 1990, with final results expected in April 1991.

Allied Health Staff

QUESTION: The Committee is concerned, and last year included report language to this effect, that, at the programmatic level, the Office of Health Affairs does not possess a broad enough perspective, especially as to issues affecting the morale and scope of practice of the various non-physician disciplines. Last year the Committee urged Health Affairs to bring on board an optometrist and a psychologist. Has this been done?

ANSWER: Yes, an optometrist and a clinical psychologist are now on the Health Affairs staff, both in the office of the Deputy Assistant Secretary for Professional Affairs and Quality Assurance.

QUESTION: Given the extent to which family issues are becoming of increasing importance would not the professional expertise of social work be useful?

ANSWER: Certainly a social worker would be a welcome addition to our professional staff. Unfortunately, it is not possible to include each allied health specialty on the Health Affairs staff. As vacancies occur, we assess what will be the best possible staff mix and then recruit accordingly. We have had a social worker on the Health Affairs Staff in the past, and I am sure we will have one or more again in the future.

Mental Health

Question: The Committee continues to be concerned that the Department of Defense has not effectively addressed the excessive utilization of inpatient mental health care, both under the CHAMPUS program and within military service facilities. Last year and the year prior, the Department was directed to initiate a major managed-care-oriented mental health initiative. Has this been done? What are the results to date?

Answer: The Department is seriously concerned that mental health care is almost 25% of the total CHAMPUS health care benefit budget. This portion of the budget totalled $544 million in FY 88. A major managed care mental health contract began operating on January 1, 1990. The contractor, Health Management Strategies, Inc., assures that benefits are paid only for the care that is medically necessary and appropriate and that the charges for mental health services are reasonable. It certifies medical necessity and appropriateness of inpatient mental health care and certain outpatient services before CHAMPUS payment will be made. While the contract is in the early stages of operation, the Department anticipates that it will result in the delivery of more cost effective mental health services consistent with the needs of the patient.

Question: To what extent does the Department feel that the present Residential Treatment Center (RTC) program is designed really to meet the mental health needs of military families? The Department has a long history of being a major source of financial support for these facilities. To what extent have private insurance plans, or state or other federal governmental agencies, been willing to cover their services?

Answer: The Residential Treatment Center program was established to provide long-term inpatient psychiatric care for adolescents. Historically, there have been some concerns with the program's effectiveness. In an effort to address those concerns, the Department has made several refinements to the program, including the establishment of an all-inclusive per diem payment rate, strict guidelines for participation, and accountability standards. Given our continued concerns with cost in the area of mental health treatment, especially for the care of adolescents, I have directed an expedited review from both the clinical and financial perspectives of mental health programs to reassess appropriate alternatives.

Based upon the Hewitt study (Managing Health Care Costs, 1989), the CHAMPUS program is very generous compared to most programs, especially the 60 day inpatient limit and waiver system. 88% of the plans studied imposed additional limitations on the mental health benefit and private plans commonly require a much greater coinsurance payment for mental health. Most notably, there is no cap on the CHAMPUS RTC days available for adolescents. This contrasts with private plans, many of which do not offer RTC coverage, and most that do have more severe inpatient day limitations. The CHAMPUS cost-sharing requirement of $8.35/inpatient day is lower than the cost-sharing for an outpatient visit, serving as an incentive for hospital admission.

Nurse Practitioners/Clinical Nurse Specialists

Question: Since the late 1970s, CHAMPUS has provided for the direct reimbursement of various categories of nurse practitioners/clinical nurse specialists. During the past year, how many billings, and for what total amount, have these practitioners accounted for?

Answer: Claims by type of clinician are reported on a calendar year basis. Reporting requirements for 1989 will not be available until the summer. However, the following data is available for calendar year 1988:

Nurse Practitioner Services

	Claims	Costs
Outpatient	1,632	$126,188
Inpatient	84	3,440
Total	1,716	$129,628

Question: Are nurse-administered "birthing centers" finally a recognized provider under CHAMPUS?

Answer: Birthing centers, which are certified through the state licensing procedure, are authorized institutional providers. Certified nurse mid-wife professional services at authorized birthing centers are reimbursable through CHAMPUS.

Question: To what extent have the various demonstration projects utilized their services, including the CHAMPUS Reform Initiative?

Answer: When birthing center services are available within a demonstration site, they are offered the same treatment as authorized providers generally.

AFHPSP - Non-physician Providers

Question: A number of the non-physician health care provider disciplines have expressed concern that the Health Professions Scholarship Program no longer accepts applications from their disciplines. What is the rationale for this selectivity?

Answer: Each Military Department manages its own Armed Forces Health Professions Scholarship Program (AFHPSP), and determines which specific health professions to recommend for participation in the program. The Services' determinations and justification for their recommendations must be based on the demonstrated need to use scholarships to meet accession requirements for health professionals which cannot be satisfied through optimal use of other, less costly, accession programs and recruitment resources. Annually, the Department evaluates the Services' recommendations and supporting justification, and allocates authority to each Service for the maximum number of scholarships that may be awarded in those health professions designated for participation each fiscal year. For Fiscal Year 1990, all Services requested and received scholarship authority for medical and nurse anesthesia students, and the Army requested and received scholarship authority for optometry students.

Question: Does it not send a "second class" message to the other disciplines?

Answer: No, the Department's utilization of the scholarship program should not be perceived in that way at all. Since scholarships represent a relatively high-cost means of obtaining health professionals, the Department must exercise prudent stewardship of legislative authority for the AFHPSP by ensuring its use is based on the demonstrable need for scholarships to obtain required accessions. Participation of the various health professions in the scholarship program therefore depends upon each Service's success in using other, less costly, recruitment measures to meet accession needs.

Question: As an example, drug problems and other stresses suffered by military personnel would seem to demand a good supply of trained social workers. Are social workers being trained under HPSP?

Answer: Social workers are not currently being trained under AFHPSP.

Health Care for Native Americans and Alaskan Natives

Question: The Committee has long been concerned that various population elements in the nation (such as Native Americans and Alaskan natives) for which the federal government has a truly unique responsibility, have not received the quality health care they need. Would not the Department's more active involvement in providing such care be an excellent way to ensure that its health-care practitioners continue to receive the practical clinical experiences they need?

Answer: Under the authority of Chapter 55, Title 10, United States Code, the Department of Defense is authorized to provide comprehensive medical and dental care to active duty members of the Uniformed Services and their dependents. Care for retirees of the Uniformed Services and their dependents is also provided subject to the availability of space and facilities and to the capability of the medical and dental staff at individual military medical treatment facilities.

The Department of Defense was able to treat substantially all eligible beneficiaries in prior years. Unfortunately, this is no longer the case. Even in 1955, when 55 percent of the people served by military medical facilities were non-active duty, many eligible people did not receive the care they wanted and Congress authorized the Department to contract for supplementary care in the private sector. Today, the military medical establishment has a capacity not significantly different from 1955, but the beneficiary population has almost doubled to 9.2 million people with an estimated annual operating budget of $13 billion. The non-active duty beneficiary population, which was 55 percent of the total in 1955, is now about 75 percent and still growing. Active duty members, for whom the system was designed, have shrunk from 45 percent to about 25 percent of the total. These demographic changes explain why access to military direct care facilities is much more difficult today than it was even 10 years ago. The system was designed to handle far fewer non-active duty beneficiaries. Given these limitations and current resource constraints, it would be very difficult if not impossible to address the health care needs of these additional population groups.

Question: What long-range plans could the Department develop to begin to address this additional federal responsibility?

Answer: It is my understanding that the Department of Health and Human Services, the Indian Health Service, is responsible for providing Health care to Native Americans and Alaskan natives. For this reason and those stated above, it is not practical or desirable for the Department of Defense health care system to develop plans to address this subject.

Hawaii Excise Taxes

Question: For the past two years, the Committee has included bill language preventing the contractors for the CHAMPUS Reform Initiative from paying Hawaii State taxes. This provision was originally included because the Committee understood that this issue had not been addressed during the initial contract negotiations. Has it now been addressed? Is there any good policy rationale for continuing to include the exemption language in this year's Defense appropriations bill?

Answer: Under the last two Appropriations bills, the CRI contractor has been exempt from the State of Hawaii's health care excise taxes. The Department did not seek this provision. As a general principle, the Department does not promote specific federal legislation that would override state law, unless the state law were to interfere with the uniform operation of a federal program. The Department has not determined that the application of Hawaii's excise tax law would so interfere.

Certified Registered Nurse Anesthetist (CRNA) Shortage

Question: The Congressionally mandated study on certified registered nurse anesthetist (CRNA) manpower has recently been reported and, while serious shortages exist today, there is a projected 40% increase in the need for nurse anesthetists in the year 2010. The two major factors that seem to be the problems contributing to this increase are (1) the need for additional clinical sites for training and (2) the need for an increasing number of qualified nurse anesthesia faculty. Since the military services have a need for additional CRNAs for the reserve components, as well as for active duty, how do you perceive the military services can assist in preparing more CRNAs for the future?

Answer: Each Military Department has an in-house program to train nurse anesthetists through a combination of didactic training, in affiliation with civilian educational institutions, and clinical training in military medical treatment facilities. Given inherent constraints on the patient caseload volume and mix available to support the clinical phases of in-house programs, as well as limitations on available physician and nurse anesthetist faculty to supervise the clinical phases, the Services' programs are currently sized to the optimum level of their in-house training capability. In addition to conducting in-house training of nurse anesthetists, each Military Department sponsors programs that provide financial assistance for both active and reserve component nurses to obtain nurse anesthesia training at civilian institutions.

Question: Have you ever considered using military facilities as clinical sites for civilian nurse anesthesia education when they are not needed for military students?

Answer: It would not be feasible to use military facilities for civilian nurse anesthesia education because they are already being optimally utilized as clinical sites to support the Services' in-house programs for training vitally needed military nurse anesthetists. Proper patient caseload volume and mix and supervisory faculty-to-student ratios are critical factors in meeting accreditation standards for nurse anesthesia training programs at these clinical sites. The patient caseload and supervisory staff available at military clinical sites are fully committed to support of the Services' in-house nurse anesthesia training programs and maintaining accreditation of these programs.

Licensure

QUESTION: For the past several years, all health-care providers with "hands on" responsibilities have been required to obtain professional licenses. The Committee understands that in excess of 99 percent of professional nurses have fulfilled this obligation, but that less than 80 percent of clinical psychologists have. Why is this particular discipline so lax in following Congressional directives, and what plans does the Department have for ensuring that all health-care providers become licensed within a reasonable time period?

ANSWER: Many Clinical Psychologists are brought on active duty immediately following completion of their formal training; however, they are not eligible for licensure until completion of a minimum of 2 years of supervised practice. In 1988, approximately 75 percent were licensed, while the 1989 figure approached 80 percent. We will continue to monitor this situation to see if our policy needs to be adjusted.

Central Data Base

QUESTION: Following up on a General Accounting Office report, the Committee last year directed that a central data base be established for validating the qualifications of all DoD physicians and other health-care providers. What progress has been made to implement this directive?

ANSWER: The Department is ready for full participation in the National Practitioner Data Bank which will allow monitoring of adverse actions, and malpractice claims. In addition, we have taken steps to upgrade our medical automation capabilities to allow for easy transfer of credential files between our hospitals.

Pediatrics Emergency Medical Services

QUESTION: Funds were included last year for the Department to pursue a special pilot pediatric-Emergency Medical Service demonstration project, perhaps with the staff of the Children's Medical Center, Washington, D.C. What is the status of this pilot project?

ANSWER: This project will be accomplished under the auspices of the Civilian External Peer Review Program contract with Children's Medical Center as the prime subcontractor for the effort. Funding and contracting requirements should be completed within the next few weeks allowing immediate start-up thereafter.

Child Abuse/Family Advocacy

QUESTION: The Committee understands that the current level of funding for the child abuse/family advocacy program allows the Department to address only 60 percent of the total estimated need. Given the gravity of the need, what is the justification for the relatively low budget request by the Department in the FY 1991 budget request?

ANSWER: In 1988 the Department developed a financial plan to secure additional funding for the Family Advocacy Program. This plan was structured to seek increases in two year increments in keeping with the two year budget cycle, to provide funding that could be fully executable throughout the Services, and to decrease the unfinanced program requirements. For FY 1990 an 85% increase from $14,000,000 to $26,000,000 was requested and received. For FY 1991 a smaller 6% increase is requested to provide stability to the program, allow moderate growth, and cover inflation.

QUESTION: What is being done in the Department to assure adequate funding of the Family Support Program in order to meet the social service needs of our military personnel?

ANSWER: As major changes take place within the Defense Department, it is important that essential family support programs not be cut, either intentionally or inadvertently. We have taken initiatives in policy and fiscal guidance to

safeguard these important programs. With the publication of the first Family Policy Directive in December 1988, the Department took its first steps toward institutionalizing a comprehensive family support program. Since that time we have published a DoD Instruction on Child Care and are about to release the first DoD Instruction on Relocation Services. Policy guidance on Family Centers (the focal point for delivery of family support programs) will also be published. The net effect of these policy issuances is to require and standardize programs across all installations. This requirement will further refine funding requirements. Additionally, the Department recently created a separate Program Element for Family Centers. This Program Element will make visible the amounts programmed, budgeted and executed for family center operations.

QUESTION: The Committee would be most supportive of an expansion of the current Medical Psychology doctoral and post-doctoral program at the Uniformed Services University of the Health Sciences and understands that informal talks have taken place regarding the possibility of establishing a clinical psychology (practitioner) component. What would be the economic cost of such a program, and how many students could be trained each?

ANSWER: The economic cost for the Military Clinical Psychology Ph.D. program would be as follows: FY 1991 $278,285; FY 1992 $666,715; FY 1993 $744,955; FY 1994 $803,025; FY 1995 $861,105 and FY 1996 $909,300. The clinical program would start with four new students in the first year and gradually increase to an entering class of up to eight students per year as the program matures. The program is designed to be completed in four years, though a provision is made for some students to take up to five years. Over a four year cycle, 32 students could be in residence, with four more completing a fifth year for a total of 36 students. Shortly after 1996 the clinical program would maintain the steady state level of 36 students.

QUESTION: What service "pay-back" obligations would be expected of graduates?

ANSWER: This is ultimately a Congressional decision, but the same payback required for medical students seems appropriate.

QUESTION: Would there be any difficulty in recruiting students?

ANSWER: Given the high demand for clinical psychology training and its high tuition cost there should be no problem in recruiting an adequate number of students.

QUESTION: Would it be possible to include "slots" in such a program for the Public Health Service?

ANSWER: Preliminary planning has provided for the Public Health Service receiving slots on an equal basis with the three military services. The Chief Psychologist of PHS's Indian Health Services is participating in the planning.

QUESTION: For the past several years, the Committee has urged DoD to increase its commitment to post-doctoral training in clinical psychology, for example, in child or neuropsychology.

What role has USUHS played in this development? What role is expected during the coming year?

ANSWER: USUHS had no clinical psychology faculty to implement such a program so it has not participated in its development. USUHS has started planning for such a program but it can not be implemented until funding is made available.

Promotion Opportunities

Question: The committee is aware of significant morale problems among the various non-physician health care provider corps due to perceived lack of promotion opportunities and career advancement. To what extent are these various categories of health care providers in fact promoted, as compared with their physician specialty colleagues -- for example, nurse midwives vs. OB/GYN, optometrists vs. opthalmologists, psychologists vs. psychiatrists?

Answer: Promotion management for the Department of Defense active duty officer force, including commissioned non-physician provider categories, is governed by provisions of the Defense Officer Personnel Management Act (DOPMA). Under the law, promotion opportunities for all DoD officers, except physicians and dentists, are constrained by the numerical field grade table limitations that are prescribed by DOPMA for each Service. Since physicians and dentists are, by law, uniquely exempted from DOPMA field grade table restrictions, their promotion opportunities are not comparable with the rest of the Department's officer corps.

Separate Departments

QUESTION: Over the years, the Committee has been supportive of ensuring that, at major teaching facilities, the various non-physician health care professions are administratively responsible for their own departments or services, as has been the case within the Veterans Administration for many years. The Committee is aware of concerns that have been raised by various medical specialties; however, the Committee further understands that these arrangements, where they exist, have been good for morale and have been administratively successful. The Committee would appreciate learning the Department's general views on this development.

ANSWER: As you know, the Department has developed administratively separate services at major teaching facilities for psychologists and optometrists. We are presently working with the Air Force to develop an administratively separate social work service. We agree that the actions taken to date have been good for the morale of the provider categories given additional autonomy, and no significant problems have been recorded as a result of the new configurations.

Biofeedback

Question: Over the past decade, the Committee has urged CHAMPUS to reimburse for biofeedback care, when provided by licensed health care practitioners. What is the current biofeedback benefit, and what has been its annual cost?

Answer: CHAMPUS benefits are payable for services and supplies in connection with biofeedback therapy when there is documentation that the patient has undergone an appropriate medical evaluation, that their present condition is not responding to conventional treatment, the patient is referred by a physician, and the therapy is rendered by a CHAMPUS-authorized provider for several conditions.

The biofeedback benefit cost $15,400 in FY 89 for approximately 300 procedures.

Research Activities

QUESTION: Last year, the Committee provided funds for a joint DoD-National Institutes of Health research initiative involving the Air Force of Israel. I know that your office is participating in monitoring this program. How is this project proceeding?

ANSWER: A senior member of my staff has been invited by the Office of the Under Secretary of Defense for Acquisition (Research and Advanced Technology) to participate on the review committee. He has discussed the protocol development with the Principal Investigator at USUHS, and will participate in review of the research.

QUESTION: What other projects might DoD consider jointly initiating with the National Institutes of Health that would be of mutual interest and benefit?

ANSWER: Representatives of the Department of Defense are included on all major NIH Advisory Councils and many interagency committees as well. We cooperate on research whenever possible. For example, there is a National Cancer Institute/Navy Oncology research group at the National Naval Medical Center, and NIH supports a dental protocol and a pediatric protocol at the Walter Reed Army Medical Center on Human Immunodeficiency Virus research.

Public Health Training

Question: The FY 1990 Senate report contained a section entitled "Public Health Training." What is the status of the request to the Department to ensure that appropriate personnel be given the opportunity to pursue public health training?

Answer: The report is currently being finalized and will ~~be~~ submitted to Congress as soon as it has been completed and fully coordinated within the Administration.

Question: The Committee requested the Department "to develop a long-range plan for ensuring that those assigned to administrative positions possess sufficient public health training and expertise and to report back to the Committee prior to the fiscal year 1991 budget recommendations." What is the status of that plan?

Answer: Information on the Services' plans for training health care adminstrators will be included in the report being finalized for submission to congress.

Non-Physician Professionals

QUESTION: We are all aware of the need to continue to improve efforts to recruit and retain qualified military personnel; this issue is particularly important with respect to non-physician professional mental health care personnel, such as psychologists. No doubt you share the belief that the availability of quality mental health care is critical within the Armed Service, I understand that new personnel have recently been assigned to your office who represent a greater diversity of the professions actually providing health care in the military.

I am encouraged by these actions and would like to know what you plan to do to continue this effort to ensure that such diversity and expertise is available and utilized within the Department?

ANSWER: While it is not possible that every allied health specialty can be represented on the Health Affairs staff at the same time, I will continue to evaluate what type of health care background is most appropriate as various staff members are replaced. As an example, my Professional Affairs and Quality Assurance office currently has on its staff a dentist, a nurse practitioner, a clinical psychologist, an optometrist, a pharmacist, and two chemists in addition to medical corps and medical services corps staff. I will be adding a physical therapist to the staff as a replacement for the pharmacist who will be reassigned this summer. Let me assure you that a variety of allied health professionals will continue to be represented on my staff.

Psychologists - Authorized less than Required

Question: An issue related to the ability to recruit and retain qualified psychologists concerns the number of slots and billets allocated to each health care discipline. As you know, in each of the branches of the armed services, a certain number of slots for various health care disciplines are "required" and sometimes smaller numbers are actually "authorized." Do you feel that the delivery of quality care is jeopardized when it is determined that more health care personnel are needed than are actually authorized?

Answer: When the Services' fiscal constraints cause budgeted authorizations to be lower than requirements, there may be effects on the quantity of health care that can be delivered but not on the quality of that care. The Services maintain strong Quality Assurance programs and place great emphasis on ensuring that high quality care is consistently delivered.

Non-physician Mental Health Care Personnel

QUESTION: How satisfied are you with the Department's ability to recruit and retain qualified non-physician mental health care personnel? What efforts have you planned to continue supporting recruitment and retention of non-physicians?

ANSWER: The Department recognizes shortages exist in some non-physician mental health care disciplines. For example, at the end of Fiscal Year 1989 the Services' budget authorizations for clinical pyschologists totaled 507, with 448 assigned. The Services are focusing their recruiting and retention efforts to remedy shortages and meet authorized strengths in all non-physician health care disciplines.

Mental Health Care Utilization Review

Question: I continue to hear that health care providers, mental health care practitioners in particular, feel that utilization management and review procedures under the CHAMPUS Reform Initiative are overly burdensome and produce arbitrary results. Can you tell us what steps you are taking to assure that decisions regarding medical or psychological necessity of treatment are made in good faith and that beneficiaries continue to receive quality health care, including mental health care, mandated under this program?

Answer: Because mental health costs represent almost 25% of CHAMPUS expenditures, the Department has sought nationally accepted approaches to controlling mental health expenditures. In California and Hawaii, the CRI contractor requires prior authorization for in-system services and conducts claims review after the sixth outpatient session and every ten sessions thereafter. The program is managed by professional mental health providers, and has reviews weighted toward approval rather than denial of services. While introduction of managed care techniques has generated some discomfort and disagreement, programs have been instituted to deal with provider relations. Routine meetings are held by the Mental Health Liaison Committee which is made up of statewide provider organizations to discuss policy and procedure issues. In addition, mental health provider education is conducted by the contractor through on-site visits, provider forums and workshops, and provider bulletins and handbooks.

Smoking

QUESTION: Dr. Louis Sullivan recently has made bold stands against tobacco advertising. Many other segments of our society have taken actions to limit or prohibit smoking in public places. What efforts has the military taken that could compare with what is happening in the civilian world?

ANSWER: In March 1986, Department of Defense Directive 1010.10, "Health Promotion", established health promotion policy that included policy concerning smoking. The policy requires us to educate our service members and civilian employees about the risks of tobacco use, including the danger of second hand smoke and smokeless tobacco products. It also seeks to discourage smoking, and make a healthy environment available to nonsmokers working in or visiting our facilities. Smoking within DoD occupied space is prohibited in auditoriums, conference rooms, classrooms, and elevators. Smoking is also not permitted in common work areas shared by smokers and nonsmokers unless adequate space and ventilation are available. Further, the Directive prohibits participation with manufacturers or distributors of tobacco products in promotional programs, activities, or contests aimed primarily at DoD personnel.

QUESTION. Cigarettes are still sold at lower prices in military commissaries and exchanges. Does this not circumvent, at least philosophically, efforts that are being made to curb smoking?

ANSWER: Unfortunately, the pricing policy certainly does not discourage smoking.

Health Promotion for Retirees

QUESTION: The Air Force, to use it as an example, has over 600,000 retirees and is adding approximately 1,000 each month, I am told. And this is before substantial drawdowns in end strength. With an ever-increasing cost of long-term care, and enormous CHAMPUS bills in mind, what is being done by the military to help promote the good health of retirees?

ANSWER: In 1986, Department of Defense Directive 1010.10, "Health Promotion," established policy to encourage not only military personnel, but also their families, civilian employees and retirees to live healthy lives through an integrated, coordinated and comprehensive health promotion program. The program focuses on six areas: nutrition, smoking, alcohol and drug abuse, stress management, physical fitness, and early identification of high blood pressure. The overall program reflects the present Objectives for the Nation and targets community, work site, internal mass media and clinical opportunities. While participation by retirees is voluntary, information on the various elements of our health promotion program and referral resources is made available to retirees in concert with the local community.

Total Quality Management

Question: Senior military management draw special attention to the increasing need to reemphasize quality improvement and productivity. Is the currently emphasized concept of Total Quality Management applied to health care?

Answer: Within the Office of the Assistant Secretary of Defense (Health Affairs), considerable attention has been given to this subject. Several members of my staff have attended Total Quality Management (TQM) lectures. In addition, I have arranged two-day seminars on TQM for members of my staff. Presently 29 staffers have attended this course.

I am currently studying ways to apply the concepts of TQM throughout the military health care system.

Health Promotion

QUESTION: CHAMPUS costs per day now are about $2.2 million and rising, and active duty costs have shown major annual increases since 1980 with shortfall dollars reprogrammed from personnel, weapon systems and military construction, thereby mortgaging these budgets.

What is being done by the Department to provide resources to promote health among DoD employees and civilians employed by the military? We understand that these groups account for a significant portion of medical care costs and yet specific attention given them has been token.

ANSWER: Our health promotion efforts are clearly not token. The 1986 Department of Defense Directive on health promotion established policy for military personnel and civilian employees, as well as our other beneficiaries, to live healthy lives. The program focuses on nutrition, smoking, alcohol and drug abuse, stress management, physical fitness, and early identification of high blood pressure. We believe that the work site offers an excellent opportunity to provide both information and services. Our internal media resources disseminate health promotion information through multiple announcements in the press and publication service and overseas radio and television spot announcements. Blood pressure screening is available to civilian employees through the occupational health clinics and special health fairs. Military communities often work with and take advantage of local resources to enhance the overall effort. Cholesterol screening, smoking prevention and cessation programs, work site fitness activities, and alcohol and drug abuse prevention efforts are other examples of our effort.

Health Promotion Cost

QUESTION: Medical research documents that 53% of all medical cases are preventable and only 10% are medically intervenable. Research from the civilian sector has documented 2:1 through 8:1 cost benefit ratios. How do military cost benefit studies concerning military health promotion impact on medical care costs?

ANSWER: We do not yet have data to project the impact at this time. However, we have recently taken steps to identify appropriate data to answer this question. We have also initiated a collaborative effort with the Department of Health and Human Services to facilitate cost benefit projections.

Composite Health Care System

This Committee has identified the Composite Health Care System (CHCS) as a program of special interest and has expressed its strong support of the program.

QUESTION: Is there any effort within the Department to delegate the management and/or funding of this program to the Services?

ANSWER: There is no effort within the Department to delegate the management of this program to the Services. The Services are active participants in decision-making related to the program including planning, prioritization of system requirements, and deployment and activation schedules.

Concerning funding of the program, the last POM issue cycle (July 1988) transferred deployment funding to the Military Departments starting in FY 92.

QUESTION: If the management and funding were delegated to the Services, what assurances can you give that the envisaged priority that this Committee expects to be given to CHCS will be maintained and that costs and schedules will be met?

ANSWER: Should management of the program be delegated to the Services, I could provide no assurance that the program could meet the costs and schedules currently envisioned. As far as funding is concerned, some Services have reduced their CHCS procurement funding starting in FY 1992. Health Affairs will raise the issue of centralized versus decentralized funding for CHCS during the upcoming Program Objective Memorandum cycle.

QUESTION: What does the Department plan to do, from a policy perspective, to create the necessary management environment to facilitate CHAMPUS recapture at CHCS sites?

ANSWER: Improved information at the site level will allow decision-makers the ability to compare data and make business decisions on the most cost effective means of health care delivery. Use of the information collected by CHCS, as a by-product of routine health care delivery, will be extremely valuable in reviewing costs, expenses, utilization and quality of care.

QUESTION: Can this system be adapted to be useful to the Veterans Administration and the Public Health Service, including the Indian Health Service and public health clinics?

ANSWER: Yes. The Department owns the rights to the software and could make sharing arrangements with other government agencies.

QUESTION: What progress has been made in DoD/VA sharing programs in the medical automation field?

ANSWER: The VA/DoD Health Care Resources Sharing Committee established an operational council to direct medical information resources management agreements and activities. The purpose of this body, the Information Resources Sharing Executive

Coordinating Council, is to jointly consider and implement medical information resources management and information sharing interagency agreements between the DoD and the DVA. The following subcouncil working groups have been established: Common Patient Data Base, Automated Clinical Information, and National Disaster Medical System Patient Tracking.

Agreements are considered in the areas of data exchange/ sharing, system architecture/planning, technology/innovation evaluation, system interoperability/interconnectivity and data communications. The first joint sharing site is the New Mexico Regional Federal Medical Center comprised of the VA Medical Center and the USAF Hospital Kirtland co-located on one campus.

QUESTION: Are there ways to improve the Government's ability to facilitate achieving these cross-department benefits?

ANSWER: Opportunities exist currently through the DoD/VA Sharing Council to achieve cross-department benefits. Further sharing agreements could be pursued in a similar manner.

QUESTION: What are the benefits that can be derived if a Government-wide medical information system based on CHCS were deployed?

ANSWER: The potential benefits of a government-wide medical information system based on CHCS would be commonality and standardization of healthcare information. The uniformity of data would provide the ability to evaluate costs, utilization, and quality of care information regionally and by source of care for various patient and diagnostic groups.

QUESTION: Do you have any current cost estimate of unauthorized use of the military health care system?

ANSWER: Eligibility checks of CHAMPUS claims, performed by the Defense Enrollment Eligibility Report System (DEERS), save approximately $80 million per year.

QUESTION: What is DoD doing to reduce unauthorized use?

ANSWER: Identification card checks at military treatment facilities and clinics are done on a routine and comprehensive basis to reduce unauthorized use of health care services. Additionally, the Defense Enrollment Eligibility Reporting System (DEERS) provides a uniform means of determining eligibility benefits for Uniformed Services personnel, retirees, dependents and survivors. The system provides the Uniformed Services with a timely and accurate single source of information on approximately 13.8 million people worldwide who currently are, or formerly were, entitled to receive Uniformed Services' benefits and privileges. According to DoD policy, eligibility checks through DEERS are done on 100% of inpatient stays and civilian prescriptions and 25% of outpatient visits.

CRI Preferred Provider Networks

Question: We know that a wide range of professional disciplines contribute to the health care delivery system. Would you tell us how the CHAMPUS Reform Initiative is using the various disciplines to improve the delivery of health care services to beneficiaries?

Answer: The CHAMPUS Reform Initiative established preferred provider networks based on projected needs of the population. Indications are that the resultant mix of physicians and other providers is appropriate and satisfies the demand of the covered beneficiaries.

Optometry Special Pay

QUESTION: The recent DoD report to Congress on health professionals special pay found that military optometrists have the most significant shortfall of the twelve disciplines studied. Further, optometry has the lowest retention rate. The study panel concluded "this health provider profession is ideal for targeting an accession bonus at entry level and incentive pay focused at the end of initial obligation." Are you proposing legislation which will address special pay for optometry?

ANSWER: The Department is not currently considering legislation to provide any additional special pays to optometrists beyond the special pay authority currently authorized by P.L. 96-284.

CHAMPUS Shortfall

Question: Dr. Mendez, the Subcommittee has known for some time that we would be receiving a request to reprogram $441 million to cover a shortfall in FY 1990 CHAMPUS funding. In your original statement, you predicted a $541 million shortfall. Late yesterday afternoon, your office informed my staff that the reprogramming request will now be for at least $667 million, as you have testified today. Can you briefly describe for us how the shortfall has increased from $441 million to $667 million?

Answer: We are facing a shortfall of $667 million in FY 1990 CHAMPUS funding. Close to $100 million of this shortfall is a result of a carry-over into FY 1990 of unpaid FY 1989 claims. The balance, over $500 million, is explained by increased utilization and unrealized savings. An increased number of CHAMPUS claims was submitted for payment and resources invested in the direct care system to offset CHAMPUS workload and costs did not materialize into savings. Our payment reforms, put in place in recent years have been successful in controlling the rate of growth in the cost per incident of care financed by the CHAMPUS program both through Diagnostic Related Groups and the application of the Medicare Economic Index. However, overall costs continue to rise due to the increased volume of care.

Question: Although the figure is quite small, I am dismayed to see that the CRI has increased by $.6 million. Could you explain?

Answer: All uniformed Services, including the Public Health Service, the Coast Guard, and the National Oceanic and Atmospheric Administration, participate in CHAMPUS. The overall CRI contract did not increase. However, the Department of Defense share increased by $.6 million when recently compiled actual data indicated that the estimates of the shares among all uniformed Services needed adjustment from the previously estimated amounts.

CRI Expansion

Question: Dr. Mendez, I have been told that the Department wants to go ahead and expand the CHAMPUS Reform Initiative (CRI) from the two states currently included -- California and Hawaii -- to three more, Nevada, New Mexico and Arizona. As you are aware, the Congress has been reluctant to see this expansion occur until more data is in from the California/Hawaii initiative. What indicators does the Department have that expanding CRI into more states would be beneficial and cost effective?

Answer: Although an option under the CRI contract, the Department did not authorize expansion into three additional states in February, 1990. We are aware of Congressional concerns and the report language from the House Armed Services Committee prohibiting expansion until February, 1992. Should it prove feasible, the Department would like to work out a resolution with the Congress to begin expansion sooner. Any decision to expand would be dependent on the contractor's ability with claims processing and data reporting systems, provider networks, CHAMPUS service centers, communication links, transition from the current fiscal intermediary, and beneficiary and provider education programs.

According to a recent RAND evaluation, CHAMPUS would have cost about 17.5 percent more in California and Hawaii than it did under CRI. RAND data indicates that between 1988 and 1989, under the CRI, total CHAMPUS costs (including administrative costs) increased by 4.6 percent in California and Hawaii, from $111 million to $116 million. RAND estimated that, without the CRI, CHAMPUS costs in California and Hawaii would have increased 22 percent between 1988 and 1989. Should the Department feel confident that that trend is continuing and the capabilities mentioned above are verified, then it would like the opportunity to expand.

Question: The Committee is receiving considerably more complaints from providers in Hawaii than it ever did in the past regarding administrative problems with CHAMPUS and the CHAMPUS Reform Initiative. Has the Department ever considered splitting Hawaii off from the California project and conducting a separate, perhaps more manageable, demonstration project?

Answer: During the design phase of the CHAMPUS Reform Initiative, the Department considered several options for implementation, including the notion of single state projects.

In order to take advantage of nationwide buying power, the ultimate design focused on larger regional areas, and as you know, we have implemented in California and Hawaii at this time. The difficulties we experienced early in its implementation have been overcome, and the Department is not now currently considering downsizing the CRI program to a single state area.

Question: Your statement mentions that Foundation Health Corporation has made inroads on the backlog of unprocessed claims -- but we are told by representatives of Foundation that there are still between 17,000 and 20,000 old claims that have not been processed. Has the Department made any attempt to set a deadline for eliminating this backlog of old claims?

Answer: For in-system claims (those attributed to network providers), in May, 1989 the inventory was over 210,000 unprocessed claims, 150,000 of which were over thirty days old. In March, 1990, the inventory was less than 70,000 claims with just over 20,000 of those over thirty days old.

For out-of-system claims, the processor, Blue Cross of Washington and Alaska has met or exceeded the government's standard for the past six months. The current inventory is 55,000 claims which is down from the all-time high of 120,000 claims in January, 1989.

CHAMPUS Shortfall

Question: Other than the fact that CHAMPUS has been consistently underfunded, what additional factors have caused shortfalls to occur?

Answer: The Department is facing a shortfall of $667 million in Fiscal Year 1990. Close to $100 million of this shortfall is a result of a carry-over into FY 90 of unpaid FY 89 claims. The balance, over $500 million, is explained by increased utilization and unrealized savings. An increased number of CHAMPUS claims were submitted for payment, and investment of resources in the direct care system did not materialize into savings. Our payment reforms, put in place in recent years, have been successful in controlling the rate of growth in the cost per incident of care financed by the CHAMPUS program, both through Diagnostic Related Groups and the application of the Medicare Economic Index. However, overall costs continue to rise due to the increased volume of care.

CHAMPUS Budget Request

Question: What prompted DoD to require that the Services fully fund CHAMPUS in FY 1991?

Answer: The Department's policy for the Fiscal Year 91 President's budget request was to fully fund CHAMPUS against the best estimate of the requirement at the time of submission.

FY 91 CHAMPUS Requirements

Question: How confident is the Department that the estimated shortfall projected for FY 1990 will not be larger than $667 million? Do you have any indications now that the funding requested for CHAMPUS for FY 1991 will be adequate?

Answer: The current FY 90 and FY 91 CHAMPUS requirements have further savings projected. Should those be unrealized or should utilization trends surpass those projected, those requirements may need adjustment.

Efforts to Reduce Program Costs

Question: Dr. Mendez, CHAMPUS savings depend, to a large extent, on the use of civilian health care workers in military facilities to recapture CHAMPUS workload. How reasonable are the estimated savings since, in many areas of the country, there are shortages of the types of people you will need?

Answer: The Department has been able to provide various tools to the commanders of military treatment facilities to draw workload back into the facility from CHAMPUS. The Partnership Program and the Alternate Use of CHAMPUS Funds Test, allow increased flexibility in bringing civilian health care providers into military facilities to maximize their potential. These tools have been successful in bringing many resources into the military facility. The estimated savings, however, have not materialized because of an increased demand for care in both our facilities and CHAMPUS.

Question: Does DoD have in place a methodology for developing and tracking the results of its efforts? Is there a baseline figure from which each Service begins the tracking process?

Answer: The Department does have in place a rigorous program for tracking the results of both the Alternate Use and Partnership Programs.

Question: Your estimated shortfall in FY 1990 assumes savings expected as a result of efforts to add resources to direct care facilities. Is there any evidence to date that the savings will materialize?

Answer: The Department did assume savings as a result of all investment of resources into the direct care system to maximize military treatment facility workload with the expectation that it would also reduce CHAMPUS workload and therefore CHAMPUS costs. Recent workload data surely indicates an increase in direct care workload, however without the concomitant decrease in CHAMPUS workload. The Department is pursuing a number of initiatives to direct patient workload more cost effectively to realize savings.

Investment Savings

Question: How were savings estimates developed by the Services, and how much will each Service have to invest to reach its ultimate goal?

Answer: Savings estimates are projected by the Services based on their ability to recapture CHAMPUS workload into the direct care system. These investment strategy savings are reevaluated each time the total CHAMPUS benefit costs are reevaluated. This is done on at least a quarterly basis. For FY 90, the current estimated savings from investment strategies are $21.5 million for the Army and $39.4 million for the Air Force.

Reorganization of DOD Health Care System

Question: I think it is perfectly clear to all of us that the Department of Defense must take some bold and imaginative steps to bring the cost of health care down. We simply cannot continue to live with costs which increase astronomically year after year. You have been charged with presenting to the Congress by June 30 a plan for reorganizing DoD's health care system to make it more efficient, less duplicative, and more cost effective. Could you share with us some of the initiatives you are considering?

Answer: I am working with the Services to ensure that our plan addresses those issues identified by the conferees in requesting the reorganization plan. In addition to making the system more efficient and less duplicative, we are considering changes that would result in increased accountability for budget preparation, budget execution, and staffing. Improvements in workload measurements are also needed. Some of these issues will obviously be more contentious than others, but rest assured that the June 30 document will be a good blueprint for improved management of military medical care.

QUESTIONS SUBMITTED TO DR. MENDEZ FROM SENATOR BYRD

Health Care for Retirees

Question: In recent months, there have been a number of proposals to reduce military manpower and strengths. Concomitant with these manpower reductions, we can expect some reduction in the number of uniformed health care providers. Reducing the number of health care providers will likely affect the availability of services to a growing number of retirees who have become dependent on these services. How does the Department of Defense anticipate addressing the issue of retiree health care given possible reductions in medical manpower?

Answer: The legal basis, established by Congress, for the provision of medical care to retirees and their dependents is found in Title 10, United States Code, Chapter 55, which states that care in military medical treatment facilities for other than active duty personnel is subject to the availability of space and facilities and to the capability of the medical and dental staff. Active duty members have an unconditional entitlement to comprehensive medical care on demand. The entitlement of non-active duty beneficiaries to medical care in military direct care facilities is conditional rather than absolute. To assure non-active duty beneficiaries access to medical care when care is not available in the military medical treatment facilities, Congress established the Civilian Health and Medical Program of the Uniformed Services, known as CHAMPUS, to share the costs of health care purchased in the civilian sector. Congress also legislated that when a person becomes eligible for coverage under Medicare Part A, usually at age 65, CHAMPUS coverage terminates and Medicare must be used to help pay for care in the civilian sector, just as it is for all other citizens. Currently, there are areas in the country where there are no military medical treatment facilities available to retirees but either CHAMPUS or Medicare coverage is always available to them.

If active duty medical manpower is reduced further, retirees will have to utilize CHAMPUS and Medicare to a greater extent. Under CHAMPUS, they have an excellent government-funded health insurance program to which improvements are constantly being made and under Medicare they have the same government-sponsored coverage as do all other citizens.

QUESTIONS SUBMITTED TO DR. MENDEZ FROM SENATOR DECONCINI

Question: When do you plan on extending the CRI program to Arizona?

Answer: The current contract that allows expansion into these states expires in January 1993. In order to establish the provider networks and a structure for quality services, a minimum of 24 months would be required to meet all objectives.

Question: Has any thought been given to delaying the expansion for one year to get a complete picture of the claims, costs, savings, and adjustments on an annual basis?

Answer: We have considered the implications of delaying but, in order to achieve CRI's potential and in order to have a realistic period of services on which to base data collected for an evaluation, at least 24 months of services would be required. Any length of time less than that would not be reasonable both in terms of implementation costs to the contractor or to our beneficiaries who would have to change their health care patterns. In addition, it would not offer sufficient consideration of those providers who made a commitment and joined the network in good faith. Any decision to expand would be dependent on the contractor's demonstrated performance in the areas of claims processing and data reporting systems, provider networks, CHAMPUS service centers, communication links, transition from the current fiscal intermediary, and beneficiary and provider education programs.

Question: What are the annualized costs to the government for the CHAMPUS program in Arizona under the current system?

Answer: Annualized costs to the government for the CHAMPUS program in Arizona under the current system were $52 million for FY 1988, the most recent year for which complete data are available.

Question: What are the expected costs and projected savings to the government on an annualized basis in Arizona under the CHAMPUS Reform Initiative should it be expanded?

Answer: The contractor has committed to a total CRI contract price at least ten percent below what services would have cost without CRI.

Marriage and Family Therapy Demonstration

Question: In the report accompanying the FY 87 Defense authorization bill (H.Rept. 99-718), the Appropriations Committee directed the Defense Department to conduct a demonstration project to determine the advisability of removing the physician supervision and referral requirement for marriage and family therapists who participate in CHAMPUS. What is the status of the demonstration projects, which I understand were completed and forwarded to the Defense Department over a year ago? When do you anticipate that the DoD analysis of the demonstration projects will be completed? What are your intermediate comments on the results of the demonstration projects to date?

Answer: The final report to Congress on the results of the Marriage and Family Therapist Demonstration was forwarded to Congress in March, 1990. It concluded that the current policy regarding physician referral and oversight of marriage and family therapists should not be changed. Elimination of the requirement for physician referral and oversight, based on analysis of the demonstration data, would significantly increase costs and utilization of psychotherapy services rendered by such therapists. Additionally, the requirement has a positive impact in assuring that only CHAMPUS-covered, quality services are rendered by marriage and family therapists. These results were based on a two-year test which allowed for the reimbursement of marriage and family therapist services without physician referral in four states.

QUESTION SUBMITTED TO DR. MENDEZ FROM SENATOR BUMPERS

Force Cuts - Medical Personnel

Question: The military services are planning for significant force cuts in the coming years. Can we hope to fix medical personnel shortfalls by protecting military medical components from their full share of the cuts?

Answer: This office would expect that the Service Secretaries will protect their medical components from cuts proportional to the overall size of strength reductions. The specific effects of future force cuts on medical personnel will depend on decisions made by the individual Service Secretaries, as well as the extent of overall strength reductions that may be required.

PANEL OF SURGEONS GENERAL

Senator **Inouye**. Next we will hear from a panel composed of the three surgeons general: Lt. Gen. Frank F. Ledford, Jr., Surgeon General of the Army; Vice Adm. James A. Zimble, Director of Naval Medicine and Surgeon General; and Lt. Gen. Monte B. Miller, Surgeon General of the Air Force.

Gentlemen, welcome.

May I call upon each of you to make your summary statements, because your full statements have been received and made part of the record.

Before we begin I would like to extend a special welcome to Admiral Zimble who is, I understand, recovering from a very serious automobile accident. It is kind of you to come, sir. I promise that we will try and make this as painless as possible.

Admiral **Zimble**. Thank you.

Senator **Inouye**. May I have a short recess? I have a phone call.

[A brief recess was taken.]

Senator **Inouye**. Before I call upon General Ledford, may I, on behalf of the Indian community in Oklahoma, thank you for the assistance you rendered in getting an x-ray machine for those Indians in Tulsa, OK. They appreciate it very much, sir.

General Ledford.

STATEMENT OF LT. GEN. FRANK F. LEDFORD, JR., SURGEON GENERAL, U.S. ARMY

General **Ledford**. Mr. Chairman, I have a lengthy statement that is submitted and with your permission, I would like to give you just a few brief comments from the heart.

Since I appeared before you last year, it has been a busy turbulent year. I can tell you that Army medicine is in better health than it was last year. In spite of the hurrah going on in society, we have more doctors and more nurses on active duty than we did last year. We exceeded our nurse recruiting goal in the Reserves dramatically, and we exceeded it by a handful in the Active force. And I would say that that is undoubtedly due to the terrific incentives that you and Congress gave us several years ago, and I thank you.

QUALITY OF CARE EXCELLENT

Our quality of care is, I think, excellent. We continue to meet or exceed the standard set, not only by the military for which we work, but by all the civilian accrediting bodies that we must meet.

We have taken more of the hassle and the frustrations out of CHAMPUS. And I think we have taken more the hassle and frustrations out of the direct care system in this past year. We have improved access to both of those systems. And our patients have taken us up on it, and they have used it. And so the workload, at least in the Army—and I think Dr. Mendez has said it for the whole system—our workload in both CHAMPUS and the direct care system is up. And costs, therefore, are up a bit too. But let me state that our costs this year are probably going to end up being about 9 percent more than they were last year.

Let us compare that with what is going on in civilian life where large manufacturers are now paying 20 percent more than they did the previous year for their health insurance. And small businesses are paying 30 percent more. That is the arena in which we are working.

And I would submit to you, sir, that we are actually a very cost-effective system. The Army figures which could easily be quarreled with, I understand, our figures are that we can do for $1 what costs $1.57 under CHAMPUS. But, sir, we are far more than cost effective; we give our Army the best medical care of any army in the world.

OPERATION JUST CAUSE

And a sterling example of that was this Christmas, Operation Just Cause. That was well planned, it was well executed. It proved that we have a great Armed Force. It proved that we have great medical support, that our training and that our planning works very, very well. It proves that we three Surgeons General and our staffs and our people work very well together. So there are some good things I can tell you. But like last year, boy, there are lots of challenges.

We are having trouble recruiting dentists this year; that is new. We are having trouble recruiting and retaining optometrists and social workers and psychologists and lots of people other than doctors and nurses. And we want to attend to them too.

The civilian hire freeze we had the last few months has been somewhat crippling. And we needed the waiver very much. We foresee that we are entering a decade of great fiscal restraint. Yet in this decade of great fiscal restraint, for the Department of Defense medical inflation is still probably going to go on and double what the national inflation rate is. And your Surgeons General here have to buy our medical services and our supplies at the medical inflation rate which last year was 8.5 percent.

We face a greater drawdown in our Army and the other services, I am sure. The extent is not yet final. Yet, we know that whatever the Army has drawn down that our workload is not going to decrease proportionately. In fact, our entire group goes up 1 percent every year.

So we have lots of challenges, sir. We are going to face them, and we would like to face them with your help, your advice and your support. Help us invest in the direct care system because we are cost effective. We can prove it, and we give you medical readiness in addition.

We are a service organization. We are critically dependent on people. If you would, sir, help support us with those grand initiatives that have already come forth and maybe some more to help us attract and retain good people. On our side of that bargain, we will give you quality care for your soldiers and their families.

That is my statement, sir.

Senator INOUYE. Thank you very much.

[The statement follows:]

STATEMENT OF LT. GEN. FRANK F. LEDFORD, JR.

Mr. Chairman and Members of the Committee, it is a privilege for me to appear before your Committee to report on Army Medical Programs.

This Committee as well as the other committees that we work with play major roles in ensuring that Defense Medical Programs continue to provide high quality care to soldiers, Airmen, and Seamen and other eligible beneficiaries, and for that continued support, I thank you.

INTRODUCTION

Before I proceed, it is important that I acknowledge the dramatic changes that are occurring throughout the world and, as best that I can, describe to you the course that the Army Medical Department (AMEDD) will take to adapt to these changes as we move into the 90's.

Dramatic international political events and domestic economic issues have accelerated the process of change, and information is not keeping up with actions. This necessitates that we have a clear vision of our role and our future. The guiding principles that led to the development of this vision are the six imperatives that the Chief of Staff of the Army describes so eloquently in the fiscal year 1991 Army Posture statement. Those imperatives are:

QUALITY

The AMEDD plays a major role in maintaining the quality of life of the soldier and his or her family. We are integral to maintaining soldier satisfaction and hence recruiting and retention of quality forces, and our role takes on greater importance in times of change such as these.

DOCTRINE

As the Army seeks to maintain a forward-looking Warfighting Doctrine, the AMEDD also seeks to maintain a forward-looking support capability; namely, Medical Force 2000. Medical Force 2000 is a comprehensive program designed to improve medical support for current and future requirements of the Echelon Above Division wartime health care delivery system.

FORCE STRUCTURE

We realize that the Army will be smaller and the AMEDD will be smaller. However, we see this as an excellent opportunity for us to tailor change to make ourselves an even more effective organization that will support the Army end-state structure.

TRAINING

Training is one of the linchpins of the quality we provide. Our lead time is measured in years, not weeks and months like most other Army training. It cannot be shut off and on like a switch but must be carefully modulated to realistically meet the needs of a smaller, but better, Army.

MODERNIZATION

In general, direct care is more cost effective than any civilian options. Therefore, our aim is to provide as much care as we can within the military treatment facility. Our ability to fulfill this goal is impacted by our ability to design, modernize, and equip facilities that help us recruit and retain health care professionals and also help us to be more productive.

LEADER DEVELOPMENT

Professional education/training, assignment utilization and individual self-study are the mechanisms by which AMEDD officers, warrants, enlisted and civilians will develop to become competent and confident leaders needed to manage our very complex health care delivery system.

BALANCING MEDICAL MISSIONS

As the nation's largest comprehensive health care system, the Army Medical Department continues to work toward its mission of caring for our soldiers and, when appropriate, their families and our retirees.

This single mission, however, is divided into two complementary, but sometimes competitive, parts: health care in peacetime and in wartime, each with its own rules and requirements. Each is all consuming, and each could easily use 100 percent of our time and energy. We are becoming more adept at balancing both components in light of constrained resources. Failure to ensure anything less than complete success in either mission is unacceptable.

COMBAT READINESS

The readiness of our medical units has dramatically increased over the past two years. The well documented military successes of Operation Just Cause were paralleled by a successful medical operation. In this regard, medical support should be viewed for both its operational propriety and uniqueness.

Surgically intensive medical units and teams were in place at Howard Air Force Base prior to the contingency operation. Wounded soldiers were stabilized at Howard and then rapidly evacuated to Brooke Army Medical Center and Wilford Hall in San Antonio. This concept proved to be both economical and effective. By combining the medical resources of the joint services in a well planned, well rehearsed operation, the numbers of medical personnel were relatively small for a deployment of this magnitude. Yet, our service personnel received initial treatment at Howard within minutes of being wounded, and then were medically evacuated to San Antonio hospitals. Further, elements of an Army combat support hospital were on the ramp at Pope Air Force Base ready for immediate deployment to Panama if needed. While lessons learned are still being gathered and evaluated, preliminary reports clearly indicate that this concept and the resulting health care were outstanding in every respect.

Again, these successes must be viewed in terms of the unique characteristics of this operation. First, our combat forces were superior in numbers and training. In fact, the force packages were designed to rapidly overwhelm the opposition and to minimize casualties. We succeeded on both counts. Second, the lines of communication between Panama and the continental United States are short, thereby facilitating rapid evacuation and reinforcement as needed. Finally, a tactical command and control structure was already in place, thus ensuring good communications, total air superiority and the availability of blood, medical supplies and general logistical support. The conduct of combat operations in Southwest Asia or in other remote areas of the world, far from established support bases, would be more challenging. Thus, with your continued strong support, we will press forward in the areas of equipment modernization, training, recruiting/retention and the maintenance of adequate medical war reserve stocks to support our forces in the full range of conflict.

To keep the momentum going forward, numerous initiatives are ongoing, the latest being our exciting new concept and organization modernization effort, Medical Force 2000 (MF2K), which focuses on returning soldiers to duty as far forward as possible, increased intensive care capability in the combat zone, and enhanced surgical care far forward. Also included in the MF2K concept are improved logistical units that incorporate blood distribution capabilities, the combining of air and ground evacuation assets into evacuation battalions for superior resource utilization, streamlined command and control, and better interdiction and management of combat stress. The MF2K concept will provide appropriate health services to support the Army's Air-Land Battle doctrine.

The MF2K's functional and modular designs provide a flexible medical force that significantly increases the effectiveness of medical support provided to our soldiers and conserves the fighting strength.

The Deployable Medical System (DEPMEDS) fielding continues on track as the most aggressive hospital equipment modernization effort in our history. As of mid-February 1990, forty-one DEPMEDS hospital sets have been fielded with an additional thirty-seven Reserve component hospital units also provided Minimum Essential Equipment for Training (MEET) sets. When completed, 129 DEPMEDS sets will be fielded to provide state-of-the-art hospital equipment. Other equipping initiatives such as the new medical aid bag, combat lifesaver set, the new family of modular equipment sets for divisions, and air and ground evacuation sets are also providing modern equipment for our non-hospital units.

Training opportunities for our medical personnel and units continue to grow. We are sending medical units and teams to such places as Bolivia, Peru, Costa Rica, and Honduras to train in a realistic environment alongside host nation counterparts performing civic actions and rendering humanitarian assistance. Medical units are participating at the National Training Center and the Joint Readiness Training Center where medical scenarios allow medical commanders to integrate health service support into the tactical plan and provide combat commanders with valuable experience in dealing with casualties.

The overall goal of the Combat Casualty Care Research Program is to develop measures and materials to decrease the morbidity of battlefield injuries. Because of the need for greater participation in trauma care by Army clinicians, we are considering the possibility of proposing a new U.S. Army Trauma Center. Such a center would be modeled on the U.S. Army Institute of Surgical Research (the Army "Burn Center") where active clinical service is collocated with a research laboratory. It is essential to prepare fully for first rate medical care for the next battle. It would also benefit the civilian sector enormously by helping resolve the current national crisis in trauma management and research.

Another test of our readiness has come in Europe where 7th Medical Command has developed deployable medical teams to respond to a wide range of contingencies. These teams can be tailored to fit any mission and are ready to deploy on short notice anywhere in Europe. The teams consist of the Primary Response Section (PRS) which sorts patients, administers lifesaving measures, and prepares patients for evacuation; the Main Response Section (MRS) which normally follows the PRS to expand their capabilities; the Surgical Team which performs emergency surgical and medical procedures to augment the PRS, MRS, or hospital; the Contingency Hospital which is a 100 bed deployable hospital stored fully uploaded and able to deploy within twenty-four hours; and other medical teams such as Helicopter Ambulance, Medical Disaster Area Survey, Stress Management, Dental, Veterinary, Environmental Sanitation, and Radiological Survey plus two medical resupply packages designed to treat fifty casualties are ready for deployment within eight hours. These teams have been deployed on numerous occasions in response to medical emergencies, again proving the AMEDD's resolve to be "ready" for any and all contingencies.

An excellent example of our readiness was the "instant" deployment of a Burn Team from the Institute of surgical Research at the request for assistance from the Soviet Union. The 26-member team deployed on a few hours' notice for a 2-week trip to help care for a large number of burn victims after a disastrous train accident in the Ural Mountains in June 1989.

The Army has been designated as the DOD Executive Agent for Veterinary Services. The Veterinary Corps shoulders a tremendous responsibility for provision of service to meet the critical peacetime and wartime needs for all branches of Service as well as for other Federal Agencies. Serving more than six hundred sites worldwide, they are the most widely dispersed element within the Department of the Army. Veterinary wartime readiness is clearly at its highest level, as demonstrated by the support provided for troop subsistence and Military Working Dogs during REFORGER, as well as nation-building efforts in Honduras. With mission requirements encompassing Medical Research and Development, assurance of public health through provision of wholesome subsistence, and the protection of both animals and humans against disease, the role played by our Veterinary Service personnel cannot be overstated.

The dental readiness of active duty soldiers has never been better. Automation of unit rosters combined with an aggressive proactive approach by the dental units have upgraded the dental classification of soldiers to unprecedented levels, greatly decreasing the likelihood of the soldier becoming a dental casualty in times of conflict.

Dental wartime readiness is also at its highest state. In addition to equipment readiness, training is constantly improving. Nearly half of all dental officers have attended the Combat Casualty Care Course.

Another important aspect of the AMEDD's efforts to improve combat readiness is our Army Health Promotion Program. Through the integration of the HPP and the Cardiovascular Screening Program, the Army now has a total package for the involvement of the individual soldier in his own health care by modification of life style behaviors that will decrease dependence on the medical care system and maximize physical readiness.

PERSONNEL

The most pressing issue in the AMEDD today is the retention of our trained physicians and other health care professionals. Our success in retaining critically needed health professionals directly impacts on our ability to perform the Army's peacetime health care, readiness, and research missions. Retention obviously also influences our recruiting missions and requirements for tomorrow's professionals.

The Army regrettably operates a "revolving door" system in which many physicians leave the service at the first opportunity. This is problematic in that it manifests itself in a less experienced work force than we prefer to have to meet either our peacetime or wartime needs.

We have been thrust into a position of competition for scarce resources within the health care industry that is in the midst of an acute nurse and allied health personnel shortage. Civilian agencies have raised salaries, marketed education and professional development packages, and improved quality of life for their professional employees. The Army is limited in its ability to keep pace with these initiatives.

Active duty nurse recruitment and retention has not improved significantly, however, two major incentives, a $5,000 accession bonus and a $6,000 Incentive Specialty Pay for Nurse Anesthetists, have just recently been implemented.

Within the Reserve components, recruitment and retention of nurses has shown great improvement over the past year. Loan repayment programs, Stipend Program, and a test accession bonus have all contributed to increased strength in the aggregate and operative/anesthesia specialties specifically Troop Program Unit authorizations are now filled to the 89% level.

The Army's ability to recruit and retain other health care professionals besides physicians and nurses is also being severely challenged. These difficult-to-recruit/retain specialties include, but are not limited to, optometrists, physical therapists, occupational therapists, dietitians, and physician assistants. Allied health professionals are predicted to account for the greatest shortfall in the future.

Problems with recruitment of dental officers have surfaced in recent years and continue to be a concern. Shrinking dental school enrollment combined with a lack of incentives, such as lack of increased Dental Special Pays, has created a difficult recruiting environment. Dental end strength continues to be unmet.

We have identified several reasons to account for an acute shortage of physician assistants in the Army. The Army is the only service that does not commission its PA's. Some have elected to leave the Army to join other services because of the increased benefits available to them as commissioned officers. The Army staff is reviewing this policy. High demand in the civilian sector also challenges the Army to attract enough qualified applicants for the training seats available and to retain the PA's that we do have. I am personally working to have our PA's commissioned and to improve the quality and quantity of their training in an effort to alleviate the current shortage.

Even though the problems we are experiencing are not new to the Army or the health care industry, it is difficult identify precisely specific causes and effects as to why physicians and other professionals choose to leave active duty. Recent studies, however, confirm what many have suspected. The physicians' major complaints involve professional job satisfaction: a perception of declining or inadequate resources, equipment, or facilities; excessive administrative duties; inadequate administrative and clinical support; and insufficient compensation. I suspect the factors that affect the retention and recruiting of nurses and other health professionals are similar.

The recruiting and retention problems we are experiencing are as multifaceted and complex as the world in which we live and work. The issue of insufficient pay and compensation is not unique. It was specifically addressed by Congress in 1981 and has been the focus of a great deal of our collective energy and efforts at the present time. The physician pay programs of the early 1980's, which were so instrumental in the recruitment and retention of physicians at that time, remained essentially unchanged until Congress provided the funds and authority to pay a Medical Officer Retention Bonus (MORB) during FY 1989. The bonus included all Medical Corps specialties with respective amounts linked to specialty and experience in the specialty.

Several initiatives enacted in the FY 1990–91 National Defense Authorization Act that are expected to have a positive impact on the recruitment and retention of health professionals include: Increases in the physician's special pays (e.g. variable special pay, board certification pay, and additional special pay); nurse accession bonus; incentive pay for certified registered nurse anesthetists; diplomate pay for clinical psychologists; Armed Forces Health Professions Scholarship Program annual grants of $15,000 and monthly stipends to graduate physicians in resident programs designated as critically needed by the Secretary of Defense.

My efforts in the health professional pay arena will be to continue to strive for equity among specialties with similar educational and experience requirements as well as a fair compensation for all health professionals. My criteria for any health professional special pay plan is that it must meet the Army's recruiting and retention needs, be flexible and sensitive to the marketplace, be understandable and dependable, obligate a recipient for service, be paid by specialty and not by obligated status, reward desirable professional behavior, and deny eligibility to individuals whose professional credentials have been revoked.

Congress and the Army continue to support other initiatives that are expected to have a positive influence on recruiting and retaining health professionals. A prime example is the Army Medical Enhancement Program (AMEP). AMEP, which was initiated in 1985, has identified the need for additional clerical and clinical support personnel to relieve physicians of many inappropriate administrative duties and to reduce job dissatisfaction. In FY 1988, for example, 549 additional personnel were provided to support emergency room and intensive care functions. In FY 1989, 496 more slots were added for Ob-Gyn nurses, technicians, and clerks. AMEP funds have also been used to hire emergency room physicians, radiologists, and other health care providers. Gains toward achieving these AMEP objectives will continue as funding permits. Also, an additional $60 million in FY 1990 and $73 million in FY 1991 funds were invested into the direct health care system allowing the recapture of more costly CHAMPUS workload.

Several Reserve component recruiting and retention initiatives are underway. The New Specialized Training Assistance Program (New STRAP) provides monthly stipends for members training in critical skills in return for a commitment in the Reserves. The Health Professional Loan Repayment Program provides for repayment of student loans for physicians and nurses in critical skills in return for service in the selected Reserves. The National AMEDD Augmentation Detachment (NAAD) offers flexible training programs for physicians and nurses in critical specialties who are unable to train on a regular basis with Reserve medical units due to geographical or time constraints. The Health Professionals Bonus (Test) Program provides bonuses for critical skill physicians and nurses in return for a commitment to the Selected Reserve.

While new programs such as MORB and the Armed Forces Health Professionals Scholarship Program have improved our recruitment and retention of active duty and reserve members, virtually no incentives have been provided to improve our recruitment and retention of civilian employees. The Army is increasingly on the low end of the scale in the salaries paid, benefits offered, and training provided when compared to the private health care industry. The Army is at a substantial disadvantage when compared to the incentives and flexibilities available to the Department of Veterans Affairs (DOVA) under Title 38, U.S.C. A diminished civilian workforce severely compromises peacetime health care and depletes the support base under our readiness posture.

The recruitment and retention of health professionals resource constrained environments has presented the Army with a series of complicated challenges that do not invite simple answers. Many dedicated individuals in the Army, the Department of Defense, and the Congress are helping us seek acceptable solutions. I am confident we will prevail.

AUTOMATION

We have labored long and hard to develop a modern and effective information system to directly support our health care providers and patients. Developed by the Assistant Secretary of Defense (Health Affairs), the Composite Health Care System (CHCS) is our proposed solution. CHCS is a comprehensive, automated, medical information system which will integrate clinical and administrative support. More importantly, CHCS will link remote medical clinics to the central medical centers to provide support for integrated medical care.

CHCS has two major benefits to the Army. First, is its ability to tie multiple health care facilities into a single patient data base. Second, CHCS capabilities will allow us to effectively accomplish such programs as beneficiary enrollment, management by Diagnosis Related Groups, and third party insurance billing. In short, the CHCS is essential for increased state-of-the-art efficiency and effectiveness in quality health care delivery, and for providing timely medical information to strategically manage our global medical system.

QUALITY ASSURANCE

A significant accomplishment during the past year was the continuing progress we made in prime source verification of our physicians' credentials and in complying with the Department of Defense requirement that physicians be licensed. Last year we reported that 93.5 percent of Army physicians were licensed. As of today, that percentage has increased to 99.1 percent. The Army's credentials verification standards exceed those of the civilian community, and they underscore the commitment of the Army and the Department of Defense to quality medical care. This has not been an easy task since our doctors are scattered all over the world.

Other quality assurance initiatives include an improved AQCESS computer system which will provide a greater capacity to track care and improve quality; development of a centralized quality assurance data base on all Army physicians; a worldwide peer review system for sole source providers; a comprehensive quality assurance regulation; movement toward accreditation of our drug and alcohol abuse programs by the Joint Commission on Accreditation of Healthcare Organizations; and finally, national certification of our emergency medical technicians.

RESEARCH

The U.S. Army Medical Research and Development Command (USAMRDC) continues to make progress on numerous projects that have widespread impact on both military and civilian medicine. The command's major goal is to prevent and to treat disease and injury.

USAMRDC has provided another weapon to protect soldiers against the world's number one disease with the FDA approval last May of the anti-malarial drug Mefloquine. Developed under the antimalarial program at the Walter Reed Army Institute of Research (WRAIR), Mefloquine can now be purchased in the U.S. Work continues on the development of a safe and effective malaria vaccine through volunteer inoculation programs of newly developed research vaccines. The vaccine has cleared regulatory review, and initial tests are promising.

WRAIR closed its U.S. Army Medical Research Unit-Malaysia, which was established in 1953, and opened a new laboratory in Seoul, South Korea. The new laboratory will provide the capability to continue the study of Korean Hemorrhagic Fever and its etiologic agent, Hantaan virus, which is a significant military threat whose far-reaching geographic distribution and importance have not been previously appreciated.

The Battle Dress Uniform (BDU) processed with the synthetic insect repellent Permethrin has proven to be very effective and will last through the expected life of the uniform. The Permethrin-treated BDU has proven to be safe, user acceptable, and practical. There are several methods of application. Individual soldiers can easily apply it to their existing uniforms. A kit containing two tubes of Permethrin and two plastic bags allows a soldier to treat his own uniforms by merely adding a canteen cup of water, one tube of Permethrin, and a single garment to each plastic bag. After soaking for several hours and then drying, the garment is ready for wear.

Data indicate that Permethrin is safe and effective. After further study to comply with EPA requirements, final assessments will be addressed and the uniforms should soon be available to the field soldier.

The new insect repellent "DEET" which has been a tremendous success has transitioned to full production and deployment stages. The Defense General Support Center is currently negotiating for a production buy following exhaustion of the limited initial supply. An additive to the topical repellent lotion to repel midges, which are serious pests but are not associated with vector-borne diseases, is also under consideration.

Since 1984 the United States Army has taken a leading role in HIV/AIDS research. The Army was the first to identify heterosexual transmission in the U.S. population and the first to focus on early diagnosis (only now becoming a national priority) In 1985 Army researchers published what has since been adopted as a worldwide classification standard: the Walter Reed Staging System. The world's highest quality testing program was developed and is till managed by Army medical researchers. The U.S. military's testing program has the highest accuracy rate in the world and yet is done at a cost of less than $3.00 per test.

Through its screening program for military applicants, the Department of Defense has provided the most meaningful data on America's epidemic; and, through the regular testing program for active duty military, provided a scientific data base for DOD policy on HIV. That policy requires entry screening, routine testing, troop education and active duty assignments that keep HIV positive soldiers on the job as long as possible. The screening programs alone has helped the American taxpayer avoid $152 million between 1985 and 1988 in cost (the last year for which figures are available).

As the executive agent for DOD AIDS research, the USAMRDC continues to fund and support the Navy's AIDS program in overseas laboratories. These Navy labs assess the prevalence and incidence of HIV-1 infections in high risk populations in Southeast Asia, South America, and Africa in efforts to evaluate the risk to deployable U.S. forces. As data from these studies are collated, an emerging picture of the epidemiology of AIDS on an international scale is presented. Other retroviral diseases such as HIV-2 have been partially evaluated in terms of risk to the continental U.S. as well as deployable forces. These studies are critical in the development of appropriate preventive measures for our personnel.

Development of vaccines to protect military personnel against offshore infectious diseases continues. Several vaccines have progressed from the concept exploration phase to the demonstration and validation stage. Others have been transitioned to full scale production.

Vaccines to protect against Hepatitis A and Hepatitis B, Argentinian Hemorrhagic fever, Japanese encephalitis, Dengue fever, and Typhoid fever are in various stages of testing and development.

Army dental research conducted at the U.S. Army Institute of Dental Research helps move Army dentistry into the future. Management of combat maxillofacial injury, treatment of infections and field dental patient management are some of the major areas of research being conducted at USAIDR. A few of these ongoing projects include: Development of a portable, hand-held battery-operated x-ray source weighing less than ten pounds is one our most successful projects; development of microencapsulated antibiotics for the management of infections secondary to trauma; progress in developing a synthetic biodegradable bone repair material; computer assisted post-mortem identification (CAPMI) for forensic identification.

FY 1991 RESOURCES

The FY 1991 Health Care Budget will allow the Army to continue the current level of health care, fully fund the costs associated with providing quality health care.

Our goal is to increase the number of PRIMUS clinics from the current ten clinics now open in six locations near large military populations (one each at Fort Stewart, Fort Bragg, and Fort Benning; two each at Fort Hood and Fort Ord; and three in Northern Virginia). PRIMUS clinics are contractor owned and operated outpatient treatment facilities for military beneficiaries. The patients pay no charges, and the cost to the Army per visit is substantially less than CHAMPUS costs for the same services. So far our patients are pleased with the level care and the convenience of PRIMS clinics. We hope to open ten additional clinics from FY 1992 through FY 1995. We also want to expand our Exceptional Family Member Program and some of our occupational health programs to a greater extent than is now possible.

Several important funded construction projects are in various stages of completion. The replacement for Madigan Army Medical Center at Fort Lewis is 90 percent complete. When it is completed in December 1990, it will be a state-of-the-art medical facility. Due to open in November 1991, with 1.2 million square feet, MAMC will be one of our largest facilities, designed to fully address the functional needs of a teaching and tertiary care hospital. The 414 bed facility will have a mobilization capacity of 622 beds. The nine-story nursing tower can be expanded to accommodate three additional floors. One of the special features incorporated into the MAMC is the Digital Imaging Network System (DINS) to provide radiologists with fingertip access to digitized X-ray images for display and analysis at high speed from central archival data bases.

In addition to the new MAMC, a major expansion to Tripler Army Medical Center in Hawaii is nearing completion to help us provide better access to our beneficiaries in the Pacific.

BUDGET EFFICIENCIES

With the continued support of Army leadership, we are constantly exploring new ways to ensure maximum efficiency and effectiveness of available financial and personnel resources. Some of the authorized demonstration programs we have recently implemented to reduce costs and improve service to our beneficiaries are described below.

—Catchment Area Management (CAM) projects at Fort Sill and Fort Carson were operational on 1 October 1989. The demonstration provides the medical treatment facility (MTF) commander with the resources and authority to meet the health care needs of the eligible beneficiaries in the 40 mile catchment area. The MTFs use current programs designed to augment staff, including VA/DOD Sharing Agreements, the Military/Civilian Health Services Partnership Program, and the Direct Care Provider Program.

—A Medical Health Services contract has been awarded to the North Carolina Division of Mental Health Services to provide community-based care for eligible children and adolescents in the Fort Bragg area. The project is expected to significantly reduce the use of expensive residential treatment.

—The U.S. Army 7th Medical Command in Europe is responsible for managing an out-patient medical care demonstration in Germany to test the effect of a waiver of cost CHAMPUS shares for active duty family members who receive after-duty hours emergent out-patient care in German civilian facilities.

—The CHAMPUS Reform Initiative (CRI) is a tri-service demonstration in California and Hawaii to provide health care under contract. If, as we expect, the program does enhance benefits, increase access to care, and improve quality assurance, it will be expanded to the remainder of the CHAMPUS southwest region.

—The Third Party Collection Program (formerly Coordination of Benefits Program) is an aggressive collection program Army MTFs. All funds collected on or after 1 October 1989 through this program are to be recouped and will be made available to the local military hospital responsible for the collection to be used to provide additional health care services capability.

—Sharing Agreements between DOD and VA facilities should result in reduced costs by minimizing duplication and under-utilization of resources. Fifty-eight agreements are in effect covering a wide variety of inpatient and outpatient services.

—Nineteen other local projects were implemented in 1989 under the congressionally-approved program allowing each service to use up to $50 million of CHAMPUS funds for other programs that improve medical treatment facility productivity with verifiable savings.

I'm proud of the accomplishments of the Army Medical Department during the past year. I also know that we will continue our efforts to delicately balance the multitude of resources we have to meet the needs of our beneficiaries. I envision an Army Medical Department ideally equipped, staffed, trained and led to serve our soldiers under all circumstances—both in peace and in war. This goal is achievable with the dedication, intelligence, and professionalism of the 96,000 people who work in Army medicine.

STATEMENT OF VICE ADM. JAMES A. ZIMBLE, MEDICAL CORPS, U.S. NAVY; DIRECTOR, NAVAL MEDICINE, AND SURGEON GENERAL, DEPARTMENT OF THE NAVY

Senator **Inouye**. Before proceeding with the questions, I would like to hear from the panel.

Admiral.

Admiral **Zimble**. Mr. Chairman, once again I would say it is always a pleasure to come before you in support of fiscal year budget requests. I would tell you I am very tempted to make a very short statement that says ditto to that of my colleague to the right because we can express exactly the same sentiments.

Our workload in our facilities is up. Our CHAMPUS nonavailability statements are down. The morale of our professionals is up. The operational tempo within our direct care system is up. It is all thanks to the support that we received from Congress last year, and we look forward to continuing support for our direct health care system. We feel it is vital, that it is the answer to cost effective, good access to care and enhanced morale of both our own medical department people as well as all sailors and marines. It means good retention.

RISING HEALTH CARE COSTS

On the second side of that coin, we are all three in a unique position. We either purchase care or provide care. We frequently have to make those choices. Will we use the CHAMPUS alternative, or will we invest more in the direct care system? That is a regional issue, and it is an issue in which we do not have total control. We do not control CHAMPUS costs. We are subject to the volatility that is occurring in this Nation today in terms of rising costs in health care.

I would submit there is a marvelous article in the Washington Post by Stu Westburg, who is president of the American College of Health Care Executives [ACHCE]. That article outlines all the reasons for that great cost growth.

Seventy-five percent of our CHAMPUS costs occur in noncatchment area, in the areas where we have no treatment facility, where we have absolutely no control over the CHAMPUS dollar. Seventy-five percent of our costs go to where we have about 25 percent of our CHAMPUS-eligible patients. So 75 percent of our CHAMPUS-eligible patients reflect only 25 percent of our CHAMPUS costs.

Even when we talk about an incatchment area, we only influence inpatient admissions. We do that through our nonavailability statement issuance, and we do that through controlling the costs with the DRGS.

INCREASE IN OUTPATIENT PROCEDURES

As everyone has noticed, in health care more and more is being directed into the outpatient arena. More and more procedures that used to be performed in hospitals are being performed as outpatients, including labor and delivery. We do not require nonavailability statements even within a catchment area for outpatient procedures, so we see a 25-percent increased utilization of outpatient, and we see remarkable increase per unit of outpatient cost in the CHAMPUS arena both in catchment and out of catchment.

Of the inpatients that we supposedly control, 10 percent of those inpatients within our catchment area are emergency patients, and we have no control over nonavailability statements.

The other 12 percent represent CHAMPUS' second payers within our catchment area. They also are not part of the area that we influence.

So the bottom line is that we influence about 13 percent of the total CHAMPUS budget through our management. Of a billion dollar bill that we pay, we maybe influence to some extent $130 million. The rest we pay the bill.

So I would echo the requests and the statement of Dr. Mendez in asserting that our future needs to be with a managed care rather than an indemnification program which we currently have with CHAMPUS.

Our quality of care in our inpatient facilities is superb, and I agree with my colleague that we are in a position to provide the best medical care you can find anywhere. We compare ourselves. We have just recently joined with the Maryland Hospital Association peer review where we can compare our quality clinical indicators against those of a large base of civilian peer hospitals, and we do very well. All three of us have been subjected to a peer review by a civilian peer review organization, and they have given us very, very high marks in the quality of medicine that we deliver in our facilities.

PREPARED STATEMENT

We are proud of what we do, and we need your further support. I thank you, sir.

Senator Inouye. Thank you, Admiral.

[The statement follows:]

STATEMENT OF VICE ADM. JAMES A. ZIMBLE

Good afternoon, Mr. Chairman and members of the Committee. I am Vice Admiral James Zimble, Medical Corps, United States Navy, Director, Naval Medicine and Surgeon General of the Navy. I am pleased to have this opportunity to appear before you today to discuss the future of Navy healthcare.

This statement has five major parts. After this brief introduction, I will present an overview of Navy medicine today; review the results of the past year's efforts; discuss the challenges we continue to face in recruiting and retaining the highest quality healthcare professionals; update you on our medical readiness position; and, last, highlight some of the important items in this year's budget.

Since we last met to discuss the status of military healthcare, the price of the average indemnity-type healthcare insurance policy increased thirty percent; the healthcare component of the gross national product has reached nearly 12 percent; and we have reorganized the Naval Medical Department.

This time last year I said, "...the likelihood of our beneficiaries' continued access to the system they prefer is fading." I am pleased to report to you that the evidence now suggests we have reached the elbow of that declining curve and in some important areas we have reversed those disturbing trends. I will address these changes and the initiatives which helped create this very positive environment in greater detail in the second section of my statement.

The most critical variable in our healthcare system is personnel. Our medical department is rich in diversity. The four officer corps and two enlisted communities comprise the finest healthcare team in the world. Most of what we have managed to accomplish can be credited directly to these dedicated professionals. Yet, in every personnel community, we continue to face challenges that threaten our fragile progress. The third part of my statement discusses these challenges, their likely impact if not quelled, and suggests approaches to resolving them.

The fourth section speaks to medical readiness. On November 11, 1989, the military imperatives for the free world in Europe changed dramatically. The changes in Europe have led to a reexamination of the extent to which we need to spend scarce resources on defense during a period in which "...peace is breaking out all over." As you consider our budget request, I ask you to recall the time and effort that were required for us to accomplish our present state of preparedness. We must continue to support deployable medical systems as an essential element of preserving the lives of our fighting forces.

In the fifth and final section, I review the most significant items for which we seek your support in this budget request.

OVERVIEW OF NAVY MEDICINE

INTRODUCTION

One thing that has not changed in the past year is our mission to provide prompt and effective medical care to combat forces in time of conflict and to maintain the health status of active duty members in peacetime. Successfully accomplishing this mission contributes directly to the Navy's ability to sustain combat operations.

During peacetime we hone our wartime skills by providing healthcare services to authorized beneficiaries. This brings me to another important variable in our system that has not changed in the past year. The entitlement to healthcare services prescribed in various parts of Chapter 55 of the United States Code defines the same level of benefits provided for military family members as last year. The costs to provide those services, however, have increased significantly. Dependents of active duty personnel and retirees and their dependents are provided healthcare in our direct care system to the extent resources will permit. The remaining demand is met through CHAMPUS or other alternative sources. Although our active duty personnel must receive first priority for medical services, it is by providing care to the remainder of our beneficiary population that we sustain a clinical practice milieu that enables our clinical professionals to gain the greatest experience, thus enhancing the Navy's ability to retain its experienced professionals.

ORGANIZATION

In 1988, in response to a deteriorating Navy healthcare system, the Secretary of the Navy established a Blue Ribbon Panel to examine our system and implement remedies for its problems. The Panel concluded that the medical department's organization was not suitable for effectively responding to the challenges of the 1990's. We reorganized by returning to the Navy bureau concept and in August 1989 reestablished the Bureau of Medicine and Surgery (BUMED). In October, we expanded the Bureau's span of influence by eliminating our regional commands and establishing field support offices. We concomitantly redirected military command and control of our military treatment facilities from medical to the line, creating a direct relationship between our treatment facilities and the line units and families they support.

Our direct care system now consists of hospitals and clinics managed through a partnership between the Bureau of Medicine and Surgery and various Responsible Line Commanders (RLC's). The Bureau of Medicine and Surgery is responsible for the operation of 36 hospitals in the United States and overseas (four of which are comprehensive teaching hospitals and four of which are family practice teaching hospitals), 200 medical clinics, and 172 dental treatment facilities. These are exclusive of facilities on U. S. Navy ships or in organic Marine Corps units.

The Bureau of Medicine and Surgery also oversees medical research, investigating issues which will keep naval forces healthy and able to carry out their mission. This is accomplished through the Naval Medical Research and Development Command in Bethesda, Maryland, which has responsibility for the Naval Medical Research Institute, Naval Health Research Center, Naval Dental Research Institute, the Naval Medical Research Units, the Naval Biodynamics Laboratory, the Naval Submarine Medical Research Laboratory, and the Naval Aerospace Medical Research Laboratory.

Also under the aegis of the Bureau of Medicine and Surgery are the Naval Aerospace Medical Institute, the Navy Ophthalmic Support and Training Activity, the Naval Medical Data Services Center, the Naval Medical Materiel Support Command, the Navy Environmental Health Center, and the Naval Health Sciences Education and Training Command.

The Navy Aerospace Medical Institute is the locus of all of our aerospace medicine related activities including graduate medical education, research, and clinical consultation to the Fleet and Fleet Marine Force.

The Navy Ophthalmic Support and Training Activity provides prescription eyewear and optical mask inserts for our personnel and trains Hospital Corpsmen in Opticianry.

All of the data processing systems under our control are developed and coordinated by the Naval Medical Data Services Center.

The Naval Medical Materiel Support Command recommends Navy medical materiel policies and evaluates the effectiveness of the wholesale military medical supply distribution system.

The Navy Environmental Health Center is Navy's equivalent of the Public Health Service Centers for Disease Control. It is responsible for tracking infectious disease, for preventive medicine measures, and for environmental and occupational health.

The Naval Health Sciences Education and Training Command (HSETC) operates the Naval Schools of Health Sciences and Hospital Corps school. HSETC trains medical personnel and oversees outservice and inservice education and training programs.

YEAR IN REVIEW

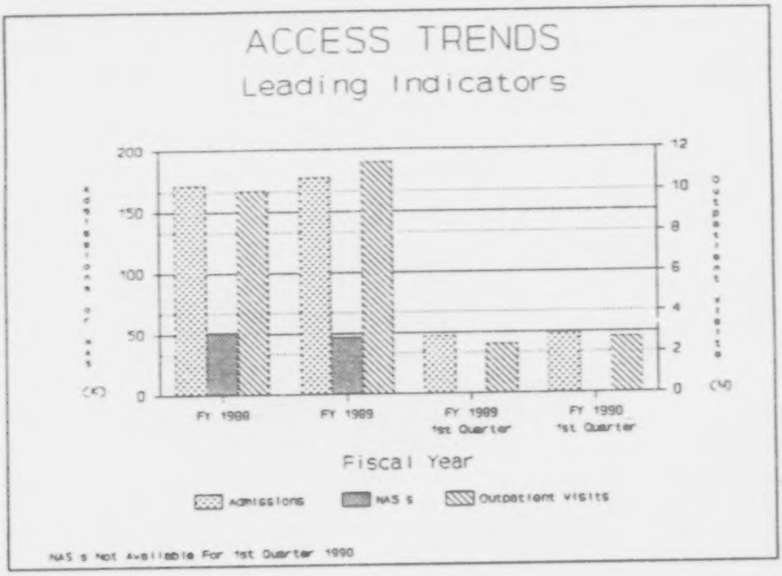
INCREASING ACCESS

Until 1988 when the Services were given responsibility for CHAMPUS expenses, we had a segmented healthcare system, making it impossible to manage the system to the benefit of the beneficiary and the taxpayer.

Spiraling healthcare costs, budget constraints, and retention and recruiting deficiencies created a very weak direct care system. After several years of being encouraged, and then forced, to use a separate and distinct CHAMPUS system for care, the return of CHAMPUS funding to the Services has enabled us to begin to meld the direct care system and CHAMPUS. We are developing an integrated delivery system which welcomes patients back into Navy hospitals strengthened by partnership agreements, healthcare contracts, and increased numbers of Navy providers and support staff. With the support of Congress and through the efforts of Navy line leadership, Navy Medicine is becoming stronger and access to quality healthcare is increasing.

To make the most of our staff and facilities and to provide access to the widest range of care, we have embarked on a new planning strategy which is built on local assessments of our beneficiaries' healthcare needs, the staffing and capabilities of our treatment facilities, and healthcare resources available in the communities in which those facilities are located. In other words, we are considering the entire community of healthcare services when determining healthcare service level needs and evaluating alternative means of meeting those needs. Using this approach, the treatment facility commanding officer and BUMED staff develop a healthcare delivery plan which provides a cost-effective delivery system consistent with Navy staffing, operational support, and training requirements.

Our outreach to the private sector for healthcare resources expanded during fiscal year 1989 in the form of health services contracting and partnership agreements. These contracts and agreements have increased access to quality care while controlling CHAMPUS costs. When compared to fiscal year 1988, we have increased the number of admissions by 3 percent. Outpatient visits, including NAVCARE visits, increased nearly 7 percent. During this same period, we observed nearly a 7 percent reduction in nonavailability statements.



In addition to the contributions of our ten NAVCARE clinics, which were begun in 1987 and which were responsible for 668,591 primary care outpatient visits in fiscal year 1989, 22 emergency medicine/acute care contracts were started in 1989. These contracts have enabled our beneficiaries to obtain emergency and acute care services within the direct care system. The outpatient visits generated under these contracts likewise have contributed to the three percent increase in admissions at Navy hospitals. Other healthcare services being offered through contracts include obstetrics, gynecology, general surgery, orthopedics, radiology, internal medicine, and and various healthcare support services.

Without adequate nursing staff for the units and the operating rooms in previous years, many Navy physicians were unable to admit their patients and had to refer them to CHAMPUS. The nursing services contracts have enabled Navy hospitals to increase their workload. In the same vein, contracts for support services in radiology, pharmacy, and laboratory have strengthened the capabilities of the direct care system, protecting the quality of care offered by our physicians and nurses.

Catchment area management, partnership agreements, and Veterans Affairs sharing agreements are other approaches being used to increase access to Navy medical treatment facilities. Navy medicine's Family Practice demonstration projects at Naval Hospitals Rota, Spain, and Newport, Rhode Island, will allow case management of all beneficiaries assigned. In this program, all families are assigned a family physician who emphasizes continuity of care, and for whom we provide the needed support. These are real success stories. At Naval Hospital Rota, 90 percent of the population is enrolled. Naval Hospital Newport has more than 60 percent of its population enrolled and that number will increase this year as more Family Practice physicians arrive. Also in Newport, each ship and school has been assigned a primary care physician. This approach draws from the historically successful relationships we have seen between our flight surgeons and their squadrons. Patient satisfaction is increasing--go to the exchange or commissary at Newport and ask a sailor or his/her dependent the name and phone number of their family physician; they can tell you. This is not a completed program for improving access to care and better health for our people, but it is a very successful beginning. We are hopeful that we will be able to establish a third Family Practice hospital at Lemoore, California, in 1990; and the model will be installed at additional hospitals just as fast as we have the staff available for assignment. To nurture this program, we are reestablishing our Family Practice residency training program at Naval Hospital Bremerton, Washington this year. In addition to improving beneficiary access and care, the Family Practice projects will make better use of our Family Practice physicians, increasing their professional satisfaction and, hopefully, their retention. I am convinced that the Family Practice Hospital is the correct model for most of our Navy hospitals. It is a natural fit with the life and work styles of our Navy and Marine Corps families and is the most effective way to meet their needs as they move to a retired life. As additional Family Practice physicians become available we will, of course, assign them in accordance with our staffing priorities: first overseas; second, isolated United States facilities; third, residency training hospitals; and then, all remaining hospitals. All of these efforts have two goals: increased access to quality care for our beneficiaries and containing our escalating CHAMPUS costs. We are meeting these challenges.

More control is being exercised over CHAMPUS costs through projects which authorize the use of CHAMPUS funds by the military treatment facility for healthcare services recaptured from CHAMPUS. Eleven Navy military treatment facilities have requested approval to implement projects designed to provide care to CHAMPUS patients at the military treatment facility that would otherwise have been obtained under CHAMPUS. These projects are primarily designed to put a cap on our costs for mental healthcare services, while continuing to offer the comprehensive services our people need.

Our system is back on course, gaining momentum, and performing well. The critical management indicators all point in the right direction; workload is up, CHAMPUS nonavailability statements are down and our customers are generally more satisfied with the level of services available today than they were even a year ago. Based on feedback from Navy and Marine Corps personnel in California, it appears that the CHAMPUS Reform Initiative (CRI) has resulted in an increase in their access to care. We also have seen a significant increase in resources sharing and partnership arrangements under CRI. From the patient's point of view, I believe CRI has largely achieved its healthcare access objectives.

I must also tell you that we could be doing even better! The relationship between the number of providers working in our treatment facilities and our costs for CHAMPUS in the obstetrics and gynecology specialty is representative of many of the challenges we face in balancing our fiduciary role as prudent healthcare purchaser and quality healthcare provider.

There is a direct relationship between the number of uniformed providers, births in our facilities and the number of nonavailability statements issued by our facilities. We are implementing specialty plans at our treatment facilities which are designed to make these relationships work as much as possible to the advantage of our customers and ourselves. Using this specialty as an example we are vigorously expanding our family practice model to enroll more of our patients with organized family practice programs.

We are also increasing the number of nurse midwives to help bring this workload back in-house. Further, we must do all we can to recruit and retain our obstetrician/gynecologists. These physicians are especially valuable since they have readily transferrable surgical skills which can be applied to combat casualty care. The Assistant Secretary of Defense (Health Affairs) has decided to eliminate a redundant training requirement which was heretofore required of OB/GYNs in order to fully qualify for Incentive Special Pay (ISP). That decision is now in the process of being implemented.

QUALITY IMPROVEMENT IN THE NAVY MEDICAL DEPARTMENT

From November 1987 through June 1989, the Civilian External Peer Review Program (CEPRP) reviewed 41,352 of 1,204,082 cumulative discharges from Department of Defense (DoD) Military Treatment Facilities (MTFs). Of these cases, 98.4 percent met the standard of care. Of the 662 cases (1.6 percent) determined not to meet the stated standard of care, the Navy rate was less than the mean for the Department of Defense.

Navy Medicine is also meeting the challenge of the Defense and Navy Departments' efforts to ensure the highest order of management effectiveness. Our goal is to develop systematic defined procedures which will facilitate improving the quality, and therefore the productivity and efficiency of our operations. The Navy Medical Department is quickly becoming a leader in this area. As early as the summer of 1989, we took our first step in fostering quality improvement by setting our direction and purpose in the Navy Medical Department Guiding Principles. These principles serve as a common set of values to strive towards the continuous improvement of healthcare delivery and management. (A copy of our Guiding Principles is attached at the end of this statement.)

I have appointed a Quality Management Board at the Bureau of Medicine and Surgery to provide overall guidance and policy coordination in the Naval Medical Department. This step was followed by my Commanders' Conference in September of 1989 which focused on improving our healthcare system through qualitative efficiency.

We are also developing a strategy to quickly and thoroughly implement standardized methodologies for achieving excellence in Navy Medicine. By adopting these strategies at all levels of our organization, we can fully exploit our capital resources, realize a more efficient, productive operation, and thereby meet the needs of more of our patients and increase the overall satisfaction of all of our customers.

HEALTH PROMOTION

Another way to increase access to those who really need it is to reduce the demand for services now placed on the system. The Navy is investing in health promotion programs designed to keep people healthy, and therefore out of the acute care system. Our goal is to prevent our beneficiaries from becoming patients by encouraging them to assume more responsibility for their own health through simple, fundamental lifestyle changes. This includes putting emphasis on periodic medical checkups, physical fitness, proper nutrition, cessation of tobacco use, reduced alcohol intake, stress and hypertension management, elimination of drug abuse, HIV (AIDS) education, and use of seat belts. There are three compelling reasons we must invest in these programs: they save lives; improve quality of life; and save dollars. One ounce of prevention IS worth a pound of cure.

MANPOWER AND PERSONNEL

INTRODUCTION

We are beginning to see the results of our initiatives to improve recruiting and retention of medical department officers. Medical Corps strength is better now than at any time since the post-Vietnam drawdown. In fiscal year 1989, 120 Medical Corps officers were recruited into the Navy. As of January, 45 Medical Corps officers had been recruited for this fiscal year. Nurse Corps recruiting is equally encouraging with 153 new accessions, 77 of which are Nurse Corps Bachelor Degree Program participants scheduled for appointment this fiscal year.

NURSE CORPS

The national nursing shortage continues to challenge our nurse recruitment and retention programs. While enrollment in nursing programs rose 5.8 percent in 1989, the demand for nurses continues to increase. The Bureau of Health Professionals -- U.S. Department of Health and Human Services -- is forecasting a 30 percent shortfall of nurses in just ten years. In seeking solutions to this problem, a tri-service military nursing compensation task force, working concurrently with a Department of Health and Human Services (HHS) study group, identified many of the same issues that were published in the "Secretary's Commission on Nursing" final report (December 1988). Needed improvements in the work environment, education criteria, staffing patterns, compensation, and others were addressed by both groups.

The recruitment initiatives recently approved, such as the $5000 accession bonus, will help make us more competitive in the nursing personnel market place. The nurse scholarship programs are highly effective. There is active interest in the Bachelor Degree Completion Scholarship Program (BDCP) which, as a short term recruitment initiative, was expanded in April of 1989 to include nurses. The initial authorized number of ten was quickly reached and exceeded. The Nurse Corps Bachelor Degree Candidate Program is now authorized to have 250 students and we processed 231 applicants through January.

While it is still a bit too early to draw meaningful conclusions about their full effect, we are optimistic about nurse participation in the Nurse Corps Candidate Program (NCCP) and the Naval Reserve Officer Training Corps (NROTC) Scholarship

Program, although the Congressional limitation on NCCP sites is a problem. Enlisted personnel of all rates can now apply for the Medical Enlisted Commissioning Program (MECP) and this year we again had a very competitive selection process. No single recruiting tool can satisfy all needs; each of these successful programs attracts nursing professionals from different sources. Individually, they address relatively small market segments; collectively, they constitute a powerful package of Navy nurse recruiting incentives. All of these programs need to be continued for they are the lifeline for future accessions. We expect to maximize participation in all of our scholarship programs to replace expected nurse personnel losses.

Retention remains our number one priority and needs continued improvement. The Director, Navy Nurse Corps recently compiled a list of over 50 retention initiatives that are in place throughout our healthcare system. The list is in the hands of hospital Commanding Officers and Directors of Nursing Services for their use in counselling Nurse Corps officers. These initiatives are focused on professional practice, communication, work environment, personal satisfaction, career development, continuing education, individual recognition, compensation, promotion, flexible scheduling, subspecialty groups concerns, and many other areas. The Nurse Corps retention and recruitment task force continues to examine and develop new initiatives to resolve the issues addressed within the Nurse Corps community.

We are continuing to have difficulty recruiting and retaining certain nurse specialists. The recently published University of Texas nursing salary survey causes additional concerns about nurse anesthetists in particular. To avoid further erosion of our ability to provide surgical services in the direct care system and be more cost effective, we must improve the retention rates of these nursing specialists. The early evidence suggests that the Incentive Special Pay (ISP) of up to $6000 per year for Certified Registered Nurse Anesthetists (CRNA) is working. In addition to increased salaries for nursing specialists, the Texas survey shows nationwide salaries for civilian staff nurses increased 5-10 percent in 1989. Base salaries rose to a range of $26,000 to $37,000. We will be watching the effect of this growing compensation issue.

The use of non-baccalaureate nursing degree nurses in the Navy currently includes accessing associate degree (AD) registered nurses who have a health-related bachelors degree, and diploma registered nurses as commissioned officers in the active or reserve Nurse Corps. To provide an additional opportunity for AD registered nurses to have a military career, the Secretary of the Navy has established a Warrant Officer (WO) technical nurse community. Plans include initially assigning these registered nurses to our four major teaching hospitals, offering a career path to Warrant Officer-4 within the specialty, having a community size of 200, and opportunity to compete for education leading to a BSN and a commission in the Nurse Corps. The warrant officer nurse will provide direct patient care on the general medical and surgical units and thereby provide us greater overall nursing capability.

To further increase the numbers of direct care providers on our units, the new advanced care technician hospital corpsman specialty, now in the final stages of development, will be implemented in fiscal year 1991.

Utilization of more senior-rated and experienced corpsmen on nursing services has been expanded through implementation of the Senior Ward Corpsman initiative. Hospital commanders have responded favorably to recommendations to assign senior Petty Officers to this managerial and corpsman mentoring role which allows Nurse Corps officers to spend more time on patient-related tasks.

We continue to work with the Chief of Naval Personnel to alleviate the promotion disparity for nurses in legally controlled grades (O-4 through O-6). We must resolve these constraints which result in promotion inequities for the Nurse Corps if we are to maintain an adequately balanced grade structure and retain experienced career-oriented nurses.

We must balance our recruiting and retention initiatives to provide adequate professional practice compensation for our new as well as our proven and experienced officers. These, and other retention and recruitment incentives, will continue to be evaluated and monitored as methods to attract and retain the nursing personnel that we must have to meet our commitments.

MEDICAL CORPS

Medical Officer Retention Bonus

The first year of experience with the Medical Officer Retention Bonus (MORB) provided us with initial indications of effectiveness and limitations. The Center for Naval Analyses in their initial study of the impact of the fiscal year 1989 MORB has found preliminary indications that the MORB already is having some positive effects on short-term retention in the medical specialties. It is difficult to interpret the one year retention rates for fiscal year 1989 in the context of the MORB because the MORB involves at least a two-year contract.

Preliminary results from fiscal year 1989 show increased retention among MORB-eligible specialists and decreased retention for the non-MORB-eligible group compared to fiscal year 1988. For the short term there has been increased retention in the aggregate and that improvement has occurred among the MORB-eligible physicians. The increase in retention is somewhat greater than expected.

Several factors appear to have limited the effectiveness of the MORB in improving long-term retention. First, because many unobligated physicians did not meet the eight-year length-of-service eligibility requirement, the maximum effect the MORB could have on the aggregate retention rate was limited. This is due to the fact that historically specialists who leave active duty do so immediately after completing their obligated service for specialty training. The major potential impact point occurs before MORB eligibility.

Second, at current authorized levels the MORB makes only a moderate reduction in the expected gap between civilian pay and military pay for the high-paid specialties. Third, for physicians not willing to lock themselves into a four-year contract at the present time, the financial incentives for two- and three-year contracts are relatively less effective than the incentive for the four-year contract. However, this is most apparent in the lower-paid specialties where retention is already high, and a high take-rate was not anticipated.

Overall Navy MORB-eligible physicians participated in the MORB at a rate of 60 percent, somewhat higher than expected. Among surgeons, who historically have been hard to retain, the take rate was nearly a 60 percent rate. Conversely, only one-third of eligible orthopedists participated. Family Physicians, who have a high continuation rate, had a take rate of 75 percent rate.

The MORB changes in the fiscal year 1990 National Defense Authorization Act corrected the eight-year eligibility limitation discussed above. Many more specialists are eligible for the MORB this year. Most important, any specialist who is facing a stay-leave decision point will, by definition, be eligible for the MORB. This should further increase the effectiveness of the MORB. The FY-90 National Defense Authorization Act also clarified, to a significant degree, the long-term picture for physician compensation.

Physician Recruiting and Retention

Improved retention should result from other personnel initiatives being implemented. The number of Armed Forces Health Professions Scholarships continues to increase, reaching 1300 this year, including the financial assistance program. Increased graduate medical education opportunities are also allowing us to retain physicians.

Recruiting initiatives have also contributed to our growing physician inventory. We have placed additional recruiters in the field and dedicated resources to recruiting medical personnel. Also, once a physician prospect is identified, we have implemented a "one-stop-shopping" program in which the candidate comes to Bethesda for a physical and interviews. At the end of the second day the candidate is offered an appointment, or told why an appointment cannot be offered. One important net result of all of the recruiting initiatives is that the average time for processing a new candidate has been reduced from 120 days to 60 days.

Most significantly, I am happy to report that we will likely achieve our goal of 4505 physicians in fiscal year 1993.

DENTAL CORPS

Our continued ability to recruit and retain qualified general and specialty trained dentists is a growing concern. Problems once viewed as "just over the horizon" are now at our doorsteps. The supply of graduating dentists is shrinking, the economy is improving and there is an increased demand for dental services in our society. The percentage of graduating seniors considering government service has dropped 50 percent, to 10.6 percent, over the last decade. Competition with the civilian marketplace for dentists is intensifying. First year dental school enrollments are at their lowest in 20 years and are projected to continue to decline through 1997. Diminished class size, closure of five dental schools, and mounting education debts for all healthcare professionals, which are difficult to liquidate on entry level military pay, jeopardize our ability to attract qualified dentists and maintain endstrength. In 1989, thirty-two percent of graduating seniors had debts greater than $50,000. As the pay disparity between military and civilian dentists widens, particularly in the specialty communities, arguments supporting recruitment/retention in the military of our highly trained dentists in the military are greatly diminished.

MEDICAL SERVICE CORPS

The Medical Service Corps continues to remain the most stable community in the Navy medical department despite the broad diversity of administrative, clinical, and research backgrounds. Retention rates for the last five years have consistently exceeded ninety percent. Except for selected specialties, recruitment remains good.

Our clinical specialties are the most sensitive to fluctuations within the civilian healthcare environment. For the first time mounting educational debts are beginning to effect our clinicians. We have taken several actions to redress our Medical Service Corps recruitment and retention problems. Our clinical psychology internship program has been doubled to enhance the primary accession base; and entry age waivers have been authorized to expand the available pool of eligible applicants for clinical psychology, pharmacy, optometry, and occupational therapy. We have, for the first time, authorized entry grade work experience for pharmacists. We are creating separate departments of mental health with clinical psychologists as department heads and separate departments for optometry.

During fiscal year 1989 we saw a major realignment of our Physician Assistant (PA) community as 88 Physician Assistant Warrant Officers were sworn in as Medical Service Corps (MSC) officers. In addition to our fiscal year 1990 Physician's Assistant direct accession goal, we will again offer the MSC conversion opportunity to qualified PA warrant officers. Fiscal year 1989 also marked the reactivation of our Physician

Assistant inservice training program. Twenty-five Naval Medical Department enlisted personnel were selected for the 2-year training. This training pipeline is vital if we are to meet our Physician Assistant specialty requirements in the future.

ENLISTED PERSONNEL

In the Medical Department enlisted communities, fiscal year 1989 saw the beginning of positive results of actions begun in fiscal years 1987 and 1988.

In fiscal year 1987 and 1988, Graduate Medical Education (GME) suffered because of unsatisfactory manning in supporting technician specialties. Enlisted "A" schools required modification because the graduates were not prepared for the challenges in their respective scientific fields. The qualification scores for entry into "A" school were discovered to be too low and allowed entry of recruits who were not qualified to attend advanced technical schools. Hospital Corps "C" School seats were not being filled nor were sufficient quotas available to appreciably increase manning in many of 36 Hospital Corps specialties. Although manning overall was at or above 100 percent, the proper mix of general and specialized Hospital Corpsmen was inadequate and retention was below the Navy average in GME supporting specialties.

Today, the health and welfare of our enlisted community has improved. We raised the Armed Services Vocational Aptitude Battery (ASVAB) score for entry into Hospital Corps "A" School and lengthened the school by four weeks to accommodate a combination of cognitive and task-based training rather than solely task based training. This action enables us to produce a more capable hospital corpsman who is prepared to accept the day to day challenge of a demanding scientific field. We are filling almost all of our annual training quotas.

In past years, we had an imbalance between manning the general and technically trained Hospital Corpsmen. We continue to have no difficulty filling our entry level schools and we are achieving a better balance between the general and technical Hospital Corpsman as a result of carefully targeted use of Selective Reenlistment Bonuses (SRB) and Navy-wide quality of life initiatives. We are also seeing a much-needed increase in Hospital Corpsman retention.

The Dental Technician community continues to achieve a balanced manning posture at approximately 97 percent. We hope to increase the number of dental technician billets to improve chairside technician support for our dentists. We expect continued improvement to achieve a better posture in the enlisted communities of Navy Medicine by the end of fiscal year 1990. Without the support of these professionals our system would not be able to respond to the demands placed on it.

RESERVE PERSONNEL

The Selected Reserves are an integral part of the Navy's healthcare delivery team. They provided over 600 man-years of support to the active Medical and Dental Treatment Facilities around the world this past fiscal year. Much of this support was provided in critical specialties during times of acute need. In recognition of the importance of the Reserve Force and their continuing contribution to the mission of Navy Medicine, and to ensure they are fully integrated into the day-to-day operations of our system, I have created a senior staff office at BUMED to address all areas of reserve support (operational readiness, peacetime training and mutual support) and to ensure that these areas receive attention at the headquarters level. The Bureau of Medicine and Surgery will provide to the Reserve Force technical assistance and guidance and interact with them as it does with the military treatment facilities under line Navy control.

I am especially grateful to the Congress for making legislative changes needed to convert two reserve Medical Corps flag authorizations to one Medical Service Corps and one Nurse Corps flag officer position. The persons selected for these two new positions should be announced shortly.

The Reserve enlisted community continues to grow to meet its expanding role. The Hospital Corps is now manned at 93 percent; this is up from 86 percent last fiscal year. The Dental Technician community is manned at capacity. The innovative Reserve Allied Medical Program (RAMP) continues to "grow" our technician specialties and allows us to get well in critical manpower areas. Two sustainment training avenues have been developed, proficiency courses and tri-service shared training opportunities. With these programs and the interactive video training systems already in place, I am confident that our Reserve Hospital Corpsmen and Dental Technicians will be ready to meet their wartime mobilization missions while making significant contributions to our peacetime healthcare delivery system.

Over the past year the Reserve Force has improved its manning levels and training readiness. While shortfalls of physicians and nurses exist against wartime requirements, in the selected reserve the Medical Corps is now manned at 100 percent and the Nurse Corps is now manned at 85 percent. I will continue to rely on the expertise and energy in the Reserve Force to provide clinical mutual support; a program that pays a peacetime healthcare dividend while increasing mobilization readiness.

CIVILIAN PERSONNEL

Our civilian personnel represent nearly twenty-seven percent of our total workforce. These clinical and support services personnel are an indispensable part of the Navy healthcare team, providing the long-term continuity as our military personnel rotate to new career assignments.

The total number of civilian personnel we have onboard, 12,514, is the highest in years. However, as with our military healthcare professionals, we have had problems in recruiting and retaining clinical and clerical personnel in high-cost metropolitan areas. Even considering this, however, we have been fairly successful in hiring the civilian personnel needed to support our treatment facilities. The additional resources Congress provided in fiscal year 1989 to buy back much needed support and clerical staff has been a big help. These personnel have relieved our physicians and nurses from a large part of the routine administrative tasks thereby increasing their productivity. We have hired civilian nurses where we could successfully compete in local markets. These nurses comprise about one-fourth of the total nursing staff and are a vital part of our healthcare team. In fiscal year 1990, with the help of Congress, we are planning to hire more professional nursing staff, technicians, and administrative support personnel to maximize in-house workload. Job fairs, co-op programs and special pay initiatives have helped recruit the traditionally more difficult-to-hire personnel such as nurses and pharmacists. We will continue to use these initiatives to the maximum extent possible.

We need to closely examine our competitive position in certain markets. In some regions, such as Washington, DC, federal salaries for highly trained and experienced healthcare personnel simply are no longer competitive with local wage levels.

PERSONNEL SUMMARY

The tables below illustrate our current manpower status. Significant progress has been made in every area. We expect to see even greater progress this year dealing with the tenacious problems associated with recruiting and retaining nurses. I hope that as a result of this progress, and in the near future, we can begin relying more on our own uniformed and direct hire civilian personnel in lieu of many of our present contract arrangements.

ONBOARD PERSONNEL

	FY 88	*FY 89*	*FY 90*[*]
MEDICAL CORPS	3929	4060	4000
NURSE CORPS	3068	3000	2939
DENTAL CORPS	1679	1696	1670
MED SERVICE CORPS	2534	2685	2727[**]

[*] *End of Jan 90*

[**] *Includes 95 Physician Assistants*

RECRUITING SUMMARY

	FY 88		*FY 89*		*FY90*	
	GOAL	*ATTAINED*	*GOAL*	*ATTAINED*	*GOAL*	*ATTAINED****
MEDICAL CORPS	150	84	241	120	182	57
DENTAL CORPS	81	61	90	69	78	41
MEDICAL SVC CORPS	141	206	273	215	256	136
NURSE CORPS	376	235	425	300	580	174

* *End of Jan 90*

I am concerned about the language in the Department of Defense Authorization Act for Fiscal Year 1990 which directs us to increase the obligated service requirement for students of the Uniformed Services University of Health Sciences from seven to ten years. I believe this directive will severely limit our recruiting potential for this vitally important program. The risks of waiting until we see the effect of the change are much too great to take a wait and see approach. We cannot afford to be effectively locked out of certain recruiting markets while we test the effect of this change.

The bottom line for Navy medicine is our people; our providers and our patients. The following excerpt from a letter, written by a former patient, Annette Donner, to the *ROTA Coastline*, a Naval Station newspaper eloquently captures my own feelings about the dedicated professionals working in our system today:

> Unless you get sick, you'll never see them in action, but (you) should know they're there daily, doing like clockwork what they're trained to do, in true team effort, each cog meshing as the wheel turns out the essential daily healthcare procedures for their individual patients and their specialized needs. Daily routines, sometimes boring, sometimes less than pleasant, but always done with smiles, enthusiasm and words of encouragement for the patients. Not to mention the always present professionalism, dedication and sense of confidence they have in their own skills.

MEDICAL READINESS

The rapidly evolving and dramatic worldwide events of the last few months are forcing all military readiness planners (including medical) to sharply refocus their view on how to best counter "the threat." The threat as we have known it during the last decade has been, and is currently being, significantly redefined.

Although reforms under the present Soviet hierarchy and the resulting move toward democratization in Eastern Europe would seem on the surface to reduce the threat posed by the Warsaw Pact, I believe we must still resist the temptation to slash outlays in the medical readiness area. More than ever, I concur with the assertion of others that we should let strategy drive the budget rather than the other way around.

The Navy's inventory to medically support the Fleet and Fleet Marine Force in whatever contingency scenario they may find themselves--be it humanitarian assistance, low intensity conflict or drug interdiction--contains several sophisticated pieces of hardware. We now have two full-service, state-of-the-art hospital ships. Each ship has 12 operating rooms and 1000 beds supported by the highest quality of ancillary support, such as laboratories, x-rays, and CAT scan equipment, found at shore-based Navy medical treatment facilities. During peacetime, the USNS

COMFORT, homeported in Baltimore, Maryland, and the USNS MERCY, homeported in Oakland, California, are maintained in a reduced operating status. Each ship has the capability to sail within five days of receipt of its sailing orders with its fully augmented operating crew of approximately 1200 active duty medical personnel.

We also now own 17 fleet hospitals with an aggregate bed capability of 7,750 beds. Last December our eighth Fleet Hospital was prepositioned overseas, thereby closing-in on our previously stated objective that Navy Deployable Medical Systems be prepositioned at or near their intended place of use. Overseas prepositioning sites include Norway, Japan, and Guam as well as a 500 bed combat zone Fleet Hospital which is stored afloat in the Indian Ocean. These Fleet Hospital assets along with hospital ships and other theater assets represent about half of the Department's wartime theater bed requirement. I am firmly committed to maintaining the existing Fleet Hospital inventory at a "ready for combat" state. Accordingly, I am pressing for your continued support of the Fleet Hospital Program.

RESEARCH AND DEVELOPMENT

I have mentioned in previous hearings that we were excited about our progress toward developing pourable wound dressings and longer shelf life for frozen blood. The wound dressing is a reality! The corpsman on the battlefield now has an effective life sustaining treatment that will increase the probability that casualties will reach definitive care units alive and with minimal permanent injury. We are now developing antibiotic beads which will be put directly into the injury and work in concert with the pourable wound dressings.

The Food and Drug Administration recently approved our program to freeze blood for 20 years. This is a watershed event for the future of combat or disaster casualty care. It is, however, only the beginning. Before the blood can be used it must be washed. One liter of blood must be washed with three liters of water before it can be transfused. The logistics of moving, storing, and redistributing such large volumes of sterile water are prohibitive. Therefore, we are developing a system to render potable water, wherever found, suitable for washing the frozen blood. We expect the system to be operational in fiscal year 1992.

The next step we hope to take is using freeze dried blood. We would still need the water to reconstitute the blood, but a major part of the storage and distribution problem would be reduced. The budget you are reviewing contains funding requests for these and other equally exciting and important medical research and development efforts. I also solicit your support for the Army's infectious disease research program as the lead agent for the Department of Defense human immunodeficiency virus (HIV) research project.

BUDGET OVERVIEW

I deeply appreciate Congressional efforts to provide us the adequate resource base to do our mission. The Fiscal Year 1990 Department of Defense Appropriations Act, section 9052, allows the Services to "...transfer prior year unobligated balances and funds appropriated in this Act to the operation and maintenance appropriations for the purpose of providing military technician pay and Department of Defense medical personnel and programs (including CHAMPUS)..." Additionally, it provides that the collections shall be offset within the appropriations to which transferred; a provision which effectively nullifies the increase in funding authority you apparently intended to provide to solve funding problems.

The budget you are now reviewing requests resources which are vital to continuing our efforts to improve the Navy healthcare system. Our operation and maintenance medical program funding is relatively level from fiscal year 1989 to fiscal year 1991 at approximately $2 0 billion (constant dollars). The additional in-house support provided by Congress in fiscal year 1990 ($50.0 million) is retained in fiscal year 1991 resulting in equal offsetting CHAMPUS savings. We plan to continue to invest in our contracting initiatives so we can increase access for our patients and avoid the costs of CHAMPUS. In addition to the fiscal year 1990 personnel increases we will be hiring 194 additional medical personnel to continue to improve the efficiency of our healthcare providers.

I also need your support for our Navy medical military construction projects sponsored by the Defense Medical Facilities Office. Our request includes $40M for Phase II of our replacement hospital at Portsmouth, Virginia, and $10M to build storage facilities in the United Kingdom and Cheathem Annex, Virginia for fleet hospitals 2, 8, and 9. Another Department of Defense funding item for which I would ask your support is the Composite Healthcare System being developed by the Assistant Secretary of Defense (Health Affairs). The system is essential for increased state-of-the-art efficiency and effectiveness in quality healthcare delivery and for establishing reliable data bases for strategic management of our global medical system.

CONCLUSION

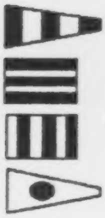
We are committed to creating a management environment that enables us to link top-down guidance with bottom-up innovations resulting in informed make-buy decisions and a more responsive healthcare system.

I am installing a managed care philosophy that encourages full integration and participation of every available healthcare provider be they active duty, civilian government employees, contract personnel, personnel working in our facilities under partnerships arrangements or our own people working in civilian facilities, Veterans Administration sharing agreements, community provider networks and any combination of these valuable resources.

For our budget planning this year, the President made military healthcare one of his principle planning objectives. We are committed to a military healthcare system which will sustain and improve defense medical services and readiness in peacetime and across the full spectrum of conflict.

Using sound management decision making processes to implement proven managed care principles, we will build a Navy Medical Department for now and the future to ensure that we remain, "Standing by. Ready to assist!"

MEDICAL DEPARTMENT GUIDING PRINCIPLES



CHARLIE GOLF ONE

We are the Medical Department of the United States Navy.

We exist to ensure the best physical and mental health of the men and women of the United States Navy and Marine Corps.

We will Support the combat readiness of the Navy and Marine Corps.

> Care for all persons as unique human beings worthy of our courtesy, compassion and respect.
>
> Earn the trust and confidence of our patients by enthusiastically providing prompt access to quality healthcare.
>
> Attend to the medical needs of the families of our active duty members, our retirees and their families, whenever we are able for just as the family supports the force, so we support the family.
>
> Teach, for it is through education that we build the foundation for our future.
>
> Continuously improve in all aspects of our enterprise.

We care for each other just as we care for our patients. This is the basis of the teamwork and trust that must exist for us to succeed.

We are standing by and are always ready to assist.

CHARLIE GOLF ONE

In days before radio, seafarers devised a system of communication based upon flags and pennants. Warships in battle line received visual orders from their commander. Merchant vessels plying the oceans' trade routes "spoke" by signal flag. Eventually, an international signal code evolved recognized by the navies and merchant fleets of all nations.

Almost any message that can be communicated by the human voice can be represented by a series of signal pennants. The four pennants seen flying beneath the American flag at all Navy medical facilities represent the motto of the Navy Medical Department. The topmost flag, the international answering pennant, signifies that the vessel has received a distress signal--CHARLIE GOLF--"Stand by to Assist Me"--and is responding to that request. The remaining three pennants--CHARLIE GOLF ONE--say "I will stand by to assist you." These four pennants reflect a long maritime tradition. We in the Navy Medical Department are standing by and are always ready to assist.

BIOGRAPHICAL SKETCH

Vice Admiral James A. Zimble is the thirtieth Surgeon General of the Navy and Director of Naval Medicine.

Vice Admiral Zimble was born October 12, 1933, in Philadelphia, PA. After spending his formative years in Little Rock, AR and Bala-Cynwyd, PA, he graduated from Franklin and Marshall College, Lancaster, PA, with a Bachelor of Science Degree and received his Medical Degree from the University of Pennsylvania School of Medicine in 1959. He served in the Naval Reserve as a medical student from 1955 to 1959.

After serving a rotating internship at Naval Hospital, St. Albans, NY, from 1959 to 1960, Vice Admiral Zimble attended the Deep Sea Diving School, Washington, DC; the Officer's Basic Course and Special Radiation Control and Health Physics Course, U.S. Naval Submarine School, New London, CT; and nuclear power training at the Nuclear Reactor Prototype, West Milton, NY.

Vice Admiral Zimble was subsequently assigned to the USS JOHN MARSHALL (SSBN-611) as the plank owner medical officer of the Blue Crew, and in 1963, he received Submarine Medical Qualifications. Follow-on assignments included: residency training in Obstetrics and Gynecology, Naval Hospital, St. Albans, NY (1963-1966); OB-GYN staff, Naval Hospital, Camp Pendleton, CA (1966-1970); OB-GYN staff, Naval Hospital, Philadelphia, PA (1970-1972); Chief, OB-GYN Service and Director, Clinical Services, Naval Hospital, Lemoore, CA (1972-1976); Director, Clinical Services, Naval Regional Medical Center, Long Beach, CA (1976-1978); and Commanding Officer, Naval Regional Medical Center, Orlando, FL (1978-1981). Flag assignments have included The Medical Officer, U.S. Marine Corps (1981-1983); Fleet Surgeon, U.S. Atlantic Fleet, with additional duty as Command Surgeon, U.S. Atlantic Command and Medical Advisor to Supreme Allied Command, Atlantic (1983-1986). In February 1986, he reported to the Office of the Assistant Secretary of Defense for Health Affairs as Deputy Assistant Secretary of Defense for Strategic Planning and Medical Program Management. On 1 July 1987, he was promoted to the rank of Vice Admiral and assumed the duties as Surgeon General of the Navy, Director of Naval Medicine and Chief, Bureau of Medicine and Surgery.

He is a Diplomate of the American Board of Obstetrics and Gynecology, a Fellow of the American College of Obstetrics and Gynecology, a Distinguished Fellow of the American College of Physician Executives, a Delegate to the American Medical Association and the American Hospital Association, a member of the Association of Military Surgeons of the United States, the National Board of Medical Examiners, the National Library of Medicine, and the Interagency Institute for Federal Health Care Executives.

His military decorations include the Defense Distinguished Service Medal, the Defense Superior Service Medal, the Legion of Merit (three awards), the Defense Meritorious Service Medal, the Navy Meritorious Service Medal, the Navy Commendation Medal and the Navy Meritorious Unit Citation. Additionally, Vice Admiral Zimble was the 1989 recipient of the Naval Reserve Association's Distinguished Service Award.

Vice Admiral Zimble is married to the former Janet Bailey of Westfield, NJ. They have two sons and four daughters.

STATEMENT OF LT. GEN. MONTE B. MILLER, SURGEON GENERAL, U.S. AIR FORCE

Senator INOUYE. General Miller.

General MILLER. Mr. Chairman, it is a pleasure to be here to report on the state of the Air Force Medical Service. I am extremely proud to represent a dedicated health care team of about 55,000 nurses, physicians, dentists, allied health care scientists, administrators, and support personnel around the globe.

These outstanding professionals work in a variety of settings ranging from isolated duty stations to small base hospitals and clinics to our largest tertiary care facility, Wilford Hall Medical Center. As a former commander of Wilford Hall, I am especially pleased that you asked General Chong to highlight this morning its unique contributions to military medical care and its role in caring for the casualties.

FOCUS OF MEDICAL SERVICE

Today's Air Force has a single focus as far as our Medical Service is concerned. That focus is the provision of the best care possible in peace and in war. The delivery of peacetime health care services enables us to practice the very skills required in any future conflict. Our response during Operation Just Cause again proved the validity of this fundamental concept of military medicine.

We serve approximately 3.5 million people at our 121 base level hospitals and clinics throughout the world. At each of these locations the Air Force Medical Service derives its strength from our close relationship with operational Air Force commanders. Our hospitals and clinics must be responsive to the special demands of their local wing and base submissions.

Indeed, it was this direct mission support relationship which provided the justification for a separate Air Force Medical Service in 1949. Today, just as 40 years ago, the local medical commanders and administrators are best able to assess the needs and seize the opportunities for providing optimal health care support to their operational units.

In the future our most difficult jobs will be to meet the health care needs of our active duty members, their families, and our retired military community with quality affordable care. But state-of-the-art medical care is expensive. New surgical techniques, diagnostic tests, and pharmaceuticals drive up the cost of providing health care services, and at the same time our aging populations is an expensive medical concern.

That notwithstanding, we believe we have a special responsibility to meet the medical needs of our retired population; and at the same time we are well aware of our fiduciary responsibility to the American taxpayer to ensure that full value for all medical service, either purchased or provided, is received. We are very frustrated by the lead time required for some of our initiatives to take hold, but when you recognize that it can take as long as a year to effect contracting and longer if design for facility modifications is involved, it speaks for the need for patience.

DIRECT CARE SYSTEM ADVOCATED

The most efficient way to provide cost-effective high-quality care is to do so in our Air Force medical facilities, our direct care system, as has been noted. As a result, we continually strive to increase patient access to direct care in our Air Force hospitals and clinics.

When these services are not available, however, local executive management teams make every effort to arrange for the needed service through alternative sources. Among our most effective alternative care approaches has been the Health Care Finder Program, the Partnership Program, and a host of Air Force and VA sharing arrangements.

With your support, we are gaining momentum with the authority to use CHAMPUS funds to efficiently enhance the direct care system when it is cost effective to do so. Next month we hope to begin seeing patients in our two catchment area management demonstration sites in Texas and in Arizona. The key to success in all these activities is providing local management with resources and the flexibility necessary to expand their delivery options.

At the same time, we must hold them accountable for ensuring that the care is delivered in a cost effective manner. We are convinced that managed care—that is, locally managed care—is the need for the future. Despite rising health care costs, tight budgets and a growing population, our Medical Service must be ever vigilant in ensuring that the quality of the care is never permitted to decline, and I am pleased to report with my colleagues that the quality of today's Air Force health care is unsurpassed in our 40-year history.

PERSONNEL KEY TO HIGH-QUALITY CARE

Why is the quality so high? The answer is simple. It is our people. While we may suffer a lack of sufficient quantity of some specialists, the quality of the Air Force health care team is absolutely superb. In the last few years we have taken aggressive steps to keep our best people in uniform, and we applaud your efforts to revise medical special pays and to establish special pays for nurses. It is a bit too soon to measure the total impact, but adequate financial compensation and administrative support are vital to improving retention of our highly qualified health care professionals.

Like the members of this committee, we in the Air Force Medical Service have observed the changes in the geopolitics of today's world with fascination and optimism. The challenges of the 1990's will bring greater emphasis on cost control as we support a smaller duty force. While the size of the active duty force may shrink, our medical response can never be less than first rate. I would assure you that as we face the future, our medical service will remain the same, mission support which is second to none.

Mr. Chairman, I thank you again for the opportunity to appear. This concludes my remarks.

[The statement follows:]

STATEMENT OF LT. GEN. MONTE B. MILLER

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE, it is my pleasure to be here today to report on the state of the Air Force Medical Service. I am extremely proud to represent a dedicated health care team of approximately 55,000 physicians, dentists, nurses, allied health scientists, administrators and support personnel around the globe. These outstanding professionals work in a variety of settings ranging from isolated duty stations to small base hospitals and clinics to our largest, tertiary care facility, Wilford Hall USAF Medical Center.

Today's Air Force Medical Service has a single focus - providing the best health care possible in peace and in war. The delivery of peacetime health services enables us to practice the very skills which we will require in any future conflict. Our response during Operation JUST CAUSE again proved the validity of this fundamental concept of military medicine. It was because we conduct realistic medical readiness training, operate an effective aeromedical evacuation system, and provide a full range of peacetime medical and surgical care, that we were able to quickly meet the medical needs of combat soldiers, sailors and airmen returning from Panama.

We serve approximately 3.4 million people at our 121 base level hospitals and clinics throughout the world. During FY 89, there were some 240,000 admissions and 34,000 live births at our hospitals, more than 16 million outpatient visits were recorded and we filled 34.5 million prescriptions in our pharmacies. Some have argued that we could reduce this workload and cut costs by charging patients for care. Wisely, Congress spared the military family from a "user fee" for the near term. Discouraging utilization through a "nuisance fee" is neither the right prescription nor sound economics. Quite simply, deferred medical attention today results in more serious and costly medical care tomorrow.

The Air Force Medical Service derives its strength from our close relationship with operational Air Force commanders. Our hospital and clinic commanders must be responsive to the special demands of their local wing and base missions. Indeed, it was this direct mission support relationship which provided the justification for a separate Air Force Medical Service in 1949. Today, just as 40 years ago, local medical commanders are best able to assess the needs and seize the opportunities for providing optimal health care support to their host operational units.

Peacetime health care delivery is also a local matter. It is best managed where there is an understanding of local needs, experience with local demands, and where professional contacts have been nurtured. Though basic policy guidance may come from higher headquarters, responsibility and accountability for health care delivery must be retained at the working level.

Our community based medical system also contributes to the health, welfare and morale of Air Force members and their families. Indeed, the peacetime medical benefit will continue to be a critical recruiting and retention factor for our pilots, navigators and other Air Force members.

In the future, our most difficult challenge will be to meet the healthcare needs of active duty members, their families and our retired military community with quality, affordable care. But containing costs while enhancing access to quality care is not simply an Air Force concern, it is a national issue.

Improving Access - Containing Costs

The cost of medical care has grown at almost twice the rate of overall inflation since 1980. The United States spends proportionally more on health care than any other country in the world - over 11 percent of the Gross Domestic Product in 1986. The Department of Commerce projects an increase to 15 percent by the year 2000. While Air Force medical costs have not increased quite as rapidly as those in the civilian sector, we are subject to many of the same economic pressures that confront our civilian counterparts.

State-of-the-art medical care is expensive. New surgical techniques, diagnostic tests and pharmaceuticals drive costs up faster than inflation. At the same time, our aging population is our greatest medical consumer. Those over 65 use five to seven times more health care than the population as a whole. That notwithstanding, we believe we have a special responsibility to meet the medical needs of the retired population. When America beckoned during World War II, Korea and for many lean years thereafter, these brave citizens and their families answered the call. As a nation, and as a service, we should not abandon them in their declining years. At the same time, however, we are well aware of our fiduciary responsibility to the American taxpayer to ensure that full value for all medical service - either purchased or provided - is received. While modern technology has enabled us to treat more people as outpatients, this leads to increased demand for ambulatory care. Thirty years ago, two-thirds of our patients were inpatients and one-third were outpatients. Today that ratio is reversed. From a financial standpoint, the shift is beneficial since ambulatory care is far less costly than admission to a hospital.

The most efficient way to provide cost effective, high quality care is to do so in our Air Force medical facilities - what we call the direct care system. As a result, we continually strive to increase patient access to direct care in Air Force hospitals and clinics. When required medical services are not available in our medical treatment facilities, local executive management teams make every effort to arrange for the needed services through alternative sources of care. Their efforts have, for the most part, been successful in striking a balance between the need to improve access and the requirement to control costs. I am pleased to report to you on our progress in providing cost effective alternative care.

In 1986 the Air Force launched an initiative which we called the Health Care Finder Program. It was designed to create a network of local civilian providers who would accept CHAMPUS assignment of benefits; submit their credentials for review by the Air Force; and extend discounts to CHAMPUS beneficiaries. The Health Care Finder Program has been tremendously successful in assisting patients obtaining needed health care services with high quality CHAMPUS providers. At the same time it has reduced costs for the government and for our patients. At last report we had Health Care Finder agreements with approximately 15,000 individual providers, more than 150 civilian hospitals had joined the program, and 30 health maintenance organizations (HMOs), preferred provider organizations (PPOs) and other organizations had signed up.

Designed to augment the capabilities of military medical facilities, the Partnership Program also provides cost effective health care access for military family members. The Partnership Program links civilian providers with our MTFs by means of negotiated agreements to deliver care at discounted CHAMPUS rates. In all internal partnership agreements, patient deductibles and co-payments are waived. Services range from full-time clinic operations to emergency on-call services. An estimated 300 practitioners are part of our health care team under this program. Most see patients right in our Air Force facilities.

A third option is Air Force/VA Sharing. The VA/DOD sharing program has been in effect since 1982 with the passage of Public Law 97-174, "Veterans Administration and Department of Defense Health Resources Sharing and Emergency Operations Act." Resource sharing agreements enable either an Air Force or Veterans Affairs medical facility to sell excess services to each other at marginal costs. More than 50 percent of Air Force medical treatment facilities located within a 50 mile radius of a VA medical facility have sharing agreements with the VA. In fact, more than 200 locally negotiated sharing arrangements between the Air Force and VA are currently in effect. As you know, we also have a joint AF/VA Medical Center at Kirtland AFB, New Mexico. Other sites at Nellis AFB, Las Vegas, Nevada; Elmendorf AFB, Anchorage, Alaska; Davis-Monthan AFB, Tucson, Arizona and Patrick AFB, Cocoa Beach, Florida, are in the planning stages. We think this program works well, offering a wider range of services at lower cost for both Air Force and VA patients.

Three PRIMUS clinics, located in Omaha, Nebraska; Tucson, Arizona and Riverside, California have been seeing patients since 1988. Patient satisfaction with these primary care clinics has been high. Two additional clinics will open in June 1990 - one in Sacramento, California to support McClellan and Mather AFB and another in Tampa, Florida, to support patients at MacDill AFB, Florida.

The Fiscal Year 1989 Defense Appropriation contained language which, for the first time, permitted the Department of Defense to utilize CHAMPUS funds for direct care projects "designed to produce more cost effective medical care". Also contained in the FY 1989 Defense Appropriation Act was a provision to permit the Air Force to draw upon a fund of $23 million designed to "provide more effective and cost efficient" direct care operations. This fiscal year, the Air Force added $33 million to our budget to continue this program as a CHAMPUS cost saving measure. The intent was to return workloads from CHAMPUS to the more cost effective direct care system. Proposals under these programs are identified and justified by local commanders and administrators and submitted through command channels for final approval. Through this program, we have approved more than 30 individual projects, ranging from increasing support staff to establishing open-heart surgery services. Overall, we anticipate savings of $52 million from the $33 million investment. We are not as far along with this program as we would like to be, but the number of projects identified and begun locally should grow significantly this year.

The Air Force Chief of Staff has taken a personal interest in increasing medical authorizations to improve access to medical care for active duty families. During FY91- 92, we will add medical authorizations in an attempt to improve access to the direct care system. Both officers and airmen will augment the staff in primary care areas like flight medicine, family practice, pediatrics, obstetrics/gynecology, internal medicine, mental health and optometry. We anticipate a substantial improvement in access to health care services after full implementation of this program we call "Full Access." The key to success in all these activities is providing local management the resources and flexibility necessary to expand their delivery options. At the same time, we hold them accountable for ensuring that the care is delivered in a cost effective manner. Striking this balance is not easy, but we are convinced that the local approach works best.

Corporate America has increasingly turned towards managed care to provide health benefits for their employees. By 1988, the majority of employees with health coverage had it provided through managed care plans. We are working to follow the lead of the corporate world by initiating Air Force Catchment Area Management demonstrations at Luke/Williams AFBs in Phoenix, Arizona and at Bergstrom AFB in Austin, Texas. These programs are designed to give the executive team the responsibility and authority for managing all military health care system resources, including CHAMPUS money, in the local catchment area. Our demonstrations will include 12 elements of managed care: enrollment, case management, a referral system, accounting, evaluation, claims processing, provider networks, utilization management, benefits reviews, data analysis, systems applications and marketing. We feel our comprehensive approach will not only enhance the quality of care and contain costs, but also improve access to health services and enhance patient and provider satisfaction. We will begin seeing patients next month under these demonstrations.

We are convinced that locally managed health care is the wave of the future. We note with interest that some of the largest civilian health care organizations have discovered centralized management doesn't work as well as a decentralized approach. The reason is simple - every location is different. For example, consider our medical facilities at Carswell AFB, Texas and Ellsworth AFB, South Dakota. The active duty populations are similar - 7,400 at Carswell and 7,100 at Ellsworth. Yet their staffing requirements are quite different - 839 people are required to operate Carswell's hospital, but only 383 staff members are necessary at Ellsworth. And their CHAMPUS costs are significantly disparate - nearly $19 million for Carswell and only $2.5 million for Ellsworth. The key difference between these two facilities is their total number of beneficiaries. Only 23,000 beneficiaries seek care at Ellsworth but nearly three times that - 65,000 turn to

Carswell for care. With those kinds of differences, it is essential that local managers apply their know-how to effectively managing their respective medical facilities.

Quality Care

Despite rising health care costs, tight budgets and a growing patient population, the Air Force Medical Service must be ever-vigilant in ensuring that the quality of health services is never permitted to decline. I am pleased to report that the quality of today's Air Force health care is unsurpassed in our 40-year history. For example, the DOD Civilian External Peer Review Initiative found that more than 98 percent of the 18,000 cases reviewed to date were well within acceptable standards of care. Those results confirm that the Air Force Medical Service can stand proudly with any other health care system in the world in terms of the quality of service delivered.

In a recent study of Air Force obstetrics care we found more evidence of superior service. Based on standards set by the American College of Obstetricians and Gynecologists, the study found that Air Force care was equal to or, in most cases, far superior to the national average in all 10 categories of obstetrical care measured.

Why is the quality of Air Force health care so high? The answer is simple - our people. While we may suffer lack of sufficient quantity in some specialties, the quality of our Air Force health care team is absolutely superb.

To illustrate, the specialty board first-time pass rates for Air Force doctors are almost always higher than those of their civilian counterparts. For example, in family practice, Air Force first time pass rates are 99 percent versus 91 percent in the civilian sector; in obstetrics/gynecology, 98 percent versus 89 percent and in general surgery, 93 percent versus 77 percent. Overall, 75 percent of our specialists are board certified compared to 66 percent across the nation.

The standards of the Joint Commission on Accreditation of Healthcare Organizations (JCAHO) are nationally recognized benchmarks for excellence in healthcare. The accreditation process is a proven method healthcare institutions use to enhance the quality of care provided and to demonstrate their professional commitment to quality of care. All of our Air Force hospitals seeking accreditation from the JCAHO have been accredited.

One of our goals has been to maintain and enhance the quality of Air Force healthcare through our Quality Assurance programs. The focus of our recent Quality Assurance efforts has been to look beyond the process to the outcomes of health care delivery. Like our civilian counterparts, we believe that the shift to a "monitoring and evaluation" approach has led us to a more sensible - and effective - Quality Assurance program.

Last year, we also incorporated DOD directives involving licensure of DOD healthcare personnel, adopted the patients' bill of rights and responsibilities, and we upgraded credentials review and clinical privileging of our healthcare providers.

Studies have shown that patients judge the quality of their health care more on the interpersonal relationships with the medical staff than on its technical aspects. In an attempt to ensure that all patients are treated with courtesy and compassion in our facilities, we have instituted a new patient/staff sensitivity training program called TEAM (Treat Everyone As Me) Approach. This program uses videotapes, written materials and locally assigned group leaders. It has been distributed to all Air Force medical treatment facilities, major air commands and training sites. Our goal is to make everyone who comes in contact with patients - from the appointment clerk to the surgical technician, more attentive to their "bedside manner."

Indicators of patient satisfaction also provide clues concerning the quality of our care. In this regard, we were very pleased to receive the September 1989 GAO report, "Defense Health Care: Patients' Views on Care They Received" (GAO/HRD 89-137). According to the report, 87 to 90 percent of patients surveyed said Air Force outpatient care is good, while 94 to 97 percent said our inpatient care is good. While this was great news, we are working to do even better.

A recognized bottleneck to health care and a source of patient discontentment has been our appointment systems. As a result, we are working to eliminate repeated busy signals, excessive time on hold, and the all too frequent response, "please call back, all appointments are filled." We are working hard to install state-of-the-art communications systems, and, we hope to have automated appointment and scheduling systems throughout the Air Force by December 1990. Also, at most all of our facilities, appointment books now never close. In this way, patients have a realistic estimate of any delays, and can chose other sources of care when it is medically necessary that they do so.

Another significant initiative has been a trial of an automated appointment reminder system to deliver a prerecorded, message to our patients prior to their scheduled appointments. Preliminary tests at two sites demonstrate a 60 percent decrease in no-show rates and an increase in patient satisfaction. To illustrate the benefits, one medical treatment facility was able to reallocate or save an average of 80 appointments per month using the prerecorded message system.

We think our broad-based Quality Assurance efforts are paying dividends for us. For instance, a review of FY 89 data shows a downward trend in Air Force malpractice claims. As a matter of fact, for the third straight year, we have also seen a decline in the number of complaints and inquiries we have researched on behalf of your constituents. Providing high quality, compassionate Air Force health care will continue to be a major area of emphasis.

Medical Service People

As in past years, we are taking aggressive steps to keep our best people in uniform. In FY 89, approximately 55 percent of eligible physicians accepted the Medical Officer Retention Bonus (MORB) and 85 percent of those signed four year contracts. We applaud your renewed efforts in FY90 that revised medical special pays and established special pays for nurses. Although it is too early to measure the impact, I believe improving financial compensation early in a career is the critical first step toward better reention of our highly qualified professionals. Future pay plans, in my opinion, should not exclude obligated officers.

A recent survey found that in addition to pay, lack of support personnel was the primary reason physicians separate from the Air Force. The $20 million earmarked for support personnel in last year's Appropriation's Act will make a big difference. We plan to hire 666 civilian employees at our base medical facilities with these funds.

We have embarked on the development of another retention initiative which we call the Cadre Program. The goal of the Cadre Program is to increase physician-to-physician communication and to better meet their professional development needs. This new approach uses special consultants as mentors to physicians at local medical facilities. We have great optimism for the Cadre Program and look forward to reporting on its progress at a later date.

Looking ahead, I am concerned that the extension in the service obligation for graduates of the Uniformed Services University of the Health Sciences (USUHS) will have a very negative impact on the quality and quantity of future applicants. Today, with a hefty seven year obligation, we attract the best students, and the competition for a seat in each USUHS class is stiff. We believe that we will retain most of these outstanding men and women for full military careers. But since none of our prior students have reached the end of their obligated service periods, we don't know what our retention rates will be. Against that backdrop, we feel strongly that the decision to increase the mandatory service obligation was not prudent.

I am also concerned about recent negative trends in retaining dentists. For three consecutive years, the Air Force has experienced a decline in retention of non-obligated dentists and has not been able to fill all funded authorizations in three of the last five years. The future may present even more serious problems. There is an increasing demand for dental services in both the military and civilian sector and a decreasing number of dental graduates. First year places in dental schools are projected to drop from a high of 6300 in 1978 to approximately 4000 in 1990. A 1988 American Dental Association survey shows 8.4 percent of senior dental students considering government service compared to 19.7 percent in 1978. According to the 1988 DoD Health Professionals Special Pay Survey, 68 percent of active duty dentists felt that current compensation levels were inadequate to retain dentists. Special pays for Dental Corps Officers have not increased since 1986 and there is an increasing pay disparity between civilian and military dental practice. The Air Force must be able to compete favorably for dentists in order for our dental health needs to be met. Preventive and restorative dental care is vital to the Air

Force mission.

Thanks to this committee's support, we now have an accession bonus for nurses and Incentive Special Pay for Certified Registered Nurse Anesthetists. While it is too early to gauge the full impact, early returns are encouraging. General Goodwin will give you more details on this and other programs which are helping nursing recruiting and retention.

During the past year, we reinstituted the training of Air Force physician assistants. The first class began last fall at the 3790th Medical Service Training Wing, Sheppard AFB, Texas. We think that physician assistants have served magnificently over the years, and that the infusion of newly trained PAs will be healthy for the Medical Service.

Health Promotion

Through our Health Promotion Program, we continue to emphasize preventive medicine to promote healthier lifestyles, improve overall health and to enhance combat readiness. At each medical treatment facility we have a health promotion coordinator. Referrals to health promotion from outpatient clinics indicate a need for an efficient system to screen, educate and intervene to assist our patients with lifestyle changes.

A health promotion prototype clinic opened at Carswell AFB, Texas and has provided valuable data for establishing similar clinics throughout the Air Force. Over 900 people at Carswell have been screened and half of this group is receiving assistance in modifying unhealthy lifestyles. At other bases, we have expanded the number of wellness clinics from four to 16.

The smoking population in the Air Force continues to decline. Based on a 1988 survey, 66,000 Air Force people have stopped smoking since 1985, and annually we have seen a 10 percent reduction since then. Our smoking cessation clinics can take credit for much of this tremendous progress. Most medical treatment facilities have adopted smoke-free policies for patients and staff, and all Air Force common work areas are now smoke-free.

Another of our health promotion efforts, the Coronary Artery Risk Evaluation (CARE) program has been expanded to include pediatric screening. This new effort, known as CARE III, uses family history, blood lipid studies, blood pressure and body weight to identify children at high risk for developing coronary artery disease. Children at risk enter intervention programs and are continuously monitored. Parents are counseled on proper nutrition, exercise, drug therapy and smoking prevention. We see great potential for improving the health and well-being of our youngsters under the Care III Program.

Our CARE Programs are also being enhanced by automation. Base-level computer systems automatically compute coronary artery risk indices for patients and provide tailored risk reduction recommendations. Base-level information will also be forwarded to a centralized computer for subsequent research and long term trend analysis.

We have devoted considerable effort to health promotion because we think it works. Such programs, however, are almost impossible to analyze over the short run. Nevertheless, we believe that the non-effectiveness rates for active duty airmen and officers -- now at their lowest levels in history -- give credence to our initiatives. We plan to continue, and intensify, our efforts in the future.

Medical Readiness

Like the members of this Committee, we in the Air Force Medical Service have observed the changes in the geopolitical structure of today's world with fascination and optimism. At the same time, we have reflected that the concept of deterrence which brought about these changes, was based in part on a strong readiness posture for the Air Force. We believe that continued vigilance, including a strong commitment to medical readiness, is imperative to our future.

During the recent Panama invasion, with superb support of Reserve forces, we proved the value of our peacetime health care and aeromedical evacuation systems which are ready for a wartime footing. When our physicians, nurses, and other professionals were ready to meet the challenges of wartime during Operation JUST CAUSE, we confirmed that our earlier investments in medical planning and training paid off very well.

During the JUST CAUSE operation, medical forces deployed to Panama along with the combat forces; some even went in advance of the main forces. Within hours, Wilford Hall USAF Medical Center and Brooke Army Medical Center in San Antonio, Texas reconfigured their facilities to receive American casualties. I am very proud to report that JUST CAUSE was a medical readiness success. Within a short span of four or five days, we received and cared for over 258 casualties, many with very serious wounds. General Chong will give you more details on this shortly.

We believe our medical readiness program must remain on firm ground and appropriate improvements are planned as programmatic enhancements refunded, procured, and fielded for operational use. We have come a long way since the time when our capability was limited to a handful of 24-bed air transportable hospitals, a small aeromedical evacuation system, limited airlift support, and sketchy plans to expand our peacetime hospitals.

Our 26 air transportable hospitals have been expanded from 24 to 50 beds and have been given enhanced capability. These units will support mobile, highly-rapid, well equipped small scale forces and strategic power projections. They also provide flexibility in responding to natural disasters such as Hurricane Hugo and the San Francisco earthquake.

I am particularly proud of our efforts to realize a substantial improvement in aeromedical evacuation capability. As the Executive Agent for worldwide aeromedical evacuation, the Air Force has recognized the limitations of its own organic airlift. We opted to establish a dedicated capability to support the aeromedical evacuation system by securing a segment of the Civil Reserve Air Fleet (CRAF). Coupled with our FY 90-91 procurement of aeromedical evacuation shipsets, we will soon have up to 94 Boeing 767s at our disposal for strategic (theater to CONUS) medical airlift. We have also arranged for 33 McDonald Douglas MD-80s for the redistribution of patients once they arrive in CONUS. In addition to transporting returning casualties, this system will also enable us to move medical equipment, supplies, and medical personnel to theaters of operation.

Unfortunately, we continue to experience shortfalls in selected contingency essential specialties including surgeons, orthopedic surgeons, anesthesiologists, flight surgeons, nurses, and others. However, we have numerous programs and incentives to mitigate these problems including shifting recruiting resources to help attract medical personnel. Given overall end-strength ceilings in both the Active and Reserve Forces and the objective of maintaining balance in programmatic growth, a quick resolution of all medical shortfalls is not projected. However, our capability in WRM matches, with few exceptions, our manpower - we can staff what we have procured.

Medical readiness training also deserves special comment. Last year at this time, I reported that we were about to embark on the most ambitious field medical readiness training program in Air Force history. Phase III of our Medical Red Flag Program has been initiated and is now training increments of medical personnel on specific facets of their contingency responsibilities. They use same equipment and supplies they would be expected to use in wartime - all in a field environment. We hope to cycle every active duty medic subject to deployment through this training every three years. Likewise, new medics entering the active Air Force through our training site at Sheppard AFB, Texas will get a detailed orientation to the field facility. As a complement to Medical Red Flag, the newly constructed Medical Readiness Training site at Phelps-Collins ANG Base, Michigan, will conduct all second-echelon training for deployable Air National Guard and Air Force Reserve medical units.

Supporting Air Force contingencies requires the Medical Service to be available from the very onset of any hostilities. Our health care system must rapidly expand, mobilize, and deploy to the area of operations. At the same time, CONUS-based medical resources must expand to provide care for the returning sick and wounded. The changes in Eastern Europe over the last several months have altered some of our medical readiness requirements. However, we believe that our current program is flexible enough to meet these changes and ensure that it represents a minimum essential level of capability.

Future Challenges

Events in Panama, Eastern Europe, South Africa and the Soviet Union have riveted America's attention and prompted a new look at America's defense needs. Closer to home, the Base Realignment and Closure Commission recommended closing five major Air Force installations beginning this year and ending in 1994. These closures will include medical facilities at Pease Air Force Base, New Hampshire; Chanute AFB, Illinois; and Mather, George, and Norton Air Force Bases in California. While medical facilities may close, we will not lose medical manpower. Thanks to Congressional action, we will not lose medical capability.

The retired community will be hardest hit by the loss of medical facilities in their communities, but there may be some Air Force care available at the realignment bases. For example, while Norton and George Air Force Bases are scheduled to close, we have programmed additional medical manpower and a construction project at March Air Force Base to accommodate some increased workload. We are also requesting construction projects at the other realignment sites at Beale AFB, CA and Cannon AFB, NM. We are studying the need for projects at Sheppard AFB, Texas; and Mountain Home AFB, ID.

The Army plan to reduce Fort Dix, New Jersey to semi-active status and close Walson Army Hospital, will effect the nearby McGuire AFB Clinic. With Air Force line support, we are programming increases in medical personnel to expand services at McGuire and later we hope to build a badly needed 55 bed hospital.

Throughout the base closure process, our objective has been to maintain the same level of services to all beneficiaries where possible. With the tremendous support of the Air Force line, we hope to minimize the impact on our patients.

The new round of base closure studies announced by the Secretary of Defense could effect four Air Force medical facilities - hospitals at Bergstrom Air Force Base, Texas; Eaker Air Force Base, Arkansas; Myrtle Beach Air Force Base, South Carolina and the clinic at Los Angeles Air Force Station, California. While no decision has been reached as yet, medical care will be a significant factor for consideration in the feasibility studies and economic analyses.

Despite our best efforts to ameliorate their effects, base closures will place additional pressure on Service CHAMPUS budgets. We need to be aware of this factor and to plan for it.

We believe any reduction in the size of the active Air Force will present challenges for military health care. Force reductions will not shrink our eligible patient population proportionately. In fact, we will probably see the retired rolls (already the fastest growing segment of our patient population) grow more rapidly than they have in recent years. In that kind of environment, retention of our skilled Air Force health care providers and support personnel will become even more critical.

A vigorous medical construction program will be vital to improving patient access to care, reducing CHAMPUS expenditures, and enhancing our medical readiness posture. At the same time, we need to correct life-safety deficiencies at several of our facilities. The life-cycle for most Air Force hospitals and clinics is 50 years. We would like to reduce that to 35 years, but even that figure is way behind the health care industry standard.

Conclusion

The challenges of the 90's will bring greater emphasis on cost control as we support a reduced active duty force. While the size of the Air Force may shrink, our medical response can never be less than first rate. Our focus will remain the same - mission support. We prepare for contingencies every day doing what we have been trained for and what we do so very well - taking care of patients. Keeping costs in check will take a greater investment in the direct care system.

Biographical Sketch

Lieutenant General (Dr.) Monte B. Miller is surgeon general, Headquarters U.S. Air Force, Washington, D.C.

General Miller was born Sept. 4, 1930, in Independence, Mo., where he graduated from William Chrisman High School in 1948. He received a bachelor of arts degree with a major in chemistry from the University of Kansas in 1951 and was selected to the Phi Beta Kappa honorary scholastic fraternity. He continued his education at the University of Kansas School of Medicine and received his doctor of medicine degree in 1955. General Miller completed his medical internship at Tacoma (Wash.) General Hospital in 1956. He completed his residency training in internal medicine at Wilford Hall USAF Medical Center, Lackland Air Force Base, Texas, in 1965. He was specialty board certified in 1967 and recertified in 1977 by the American Board of Internal Medicine. General Miller was appointed assistant clinical professor at the University of California School of Medicine in 1968 and was elected to a fellowship in the American College of Physicians in 1972.

After receiving his commission as a first lieutenant in October 1956, he was assigned to the USAF Hospital, Williams Air Force Base, Ariz. He completed the Aerospace Medicine Primary Course at the School of Aerospace Medicine, Randolph Air Force Base, Texas, and received an aeronautical rating of flight surgeon in 1957. From October 1958 to July 1962, General Miller was engaged in private medical practice in Garnett, Kan. He re-entered the Air Force with an assignment at Wilford Hall for specialty training in internal medicine. In July 1965, he was appointed assistant for medical training at David Grant USAF Medical Center, Travis Air Force Base, Calif. From July 1967 to July 1968 he was assigned to the 12th U.S. Air Force Hospital, Cam Ranh Bay Air Base, Republic of Vietnam, as chief of medicine.

General Miller returned to David Grant USAF Medical Center as chairman of the Department of Medicine. He became deputy commander and director of hospital services in July 1973, and commander in May 1975. He was a key participant in the prisoners of war homecoming from North Vietnam, and Operation Babylift.

General Miller transferred to the Medical Directorate, Air Force Inspection and Safety Center, Norton Air Force Base, Calif., as an inspection team chief in July 1978. He then served as chief of the Medical Inspection Division from March 1979 to February 1980. In March 1980 he assumed command of Malcolm Grow USAF Medical Center, Andrews Air Force Base, Md. In November 1981 General Miller became command surgeon, Military Airlift Command, Scott Air Force Base, Ill.

In April 1985 General Miller became commander of Wilford Hall USAF Medical Center. He became command surgeon, U.S. European Command, Stuttgart-Vaihingen, West Germany, in May 1986. He assumed his present duties in August 1988.

The general is a chief flight surgeon. His military decorations and awards include the Distinguished Service Medal, Defense Superior Service Medal, Legion of Merit with one oak leaf cluster, Bronze Star Medal, Air Medal and Air Force Commendation Medal. He is a senior member and past president of the Society of Air Force Physicians, a member of the Kansas Medical Society and a fellow of the American College of Physicians. He is also a member of the Society of Medical Consultants to the Armed Forces, American Medical Association, Aerospace Medical Association and Association of Military Surgeons of the United States.

He was promoted to lieutenant general Aug. 1, 1988, with same date of rank.

General Miller is married to the former "Chris" Faye Vielguth of Burlington, Kan. They have two sons, Mark and Mitchell, and a daughter, Michelle.

PERSONNEL CONCERNS EXPRESSED

Senator **Inouye**. Thank you very much, gentlemen.

As I indicated this morning, although much of the publicity emanating from this committee involves expensive weapons systems and procurement items, I can assure you that this committee is very much concerned with the morale and the quality of commitment of our personnel, because without healthy, motivated men and women, all these weapons systems are worthless.

WAIVER OF CIVILIAN PERSONNEL HIRES

My first question is to General Miller related to the waiver of personnel and civilian hires. On the question as to whether this was to just keep in place or to add additional personnel, can you tell me as to the 1,000 that each service got exempted how many would be additional?

General **Miller**. In the Air Force, sir, the money that was given to us to hire additional civilian help translates into 666—a satanic number—civilians. If we hire those 666, that gives the remainder of the 1,000 obviously to hire without having to ask for secretarial waiver.

Admiral **Zimble**. Mr. Chairman, I would like to take that for the record. I know that we have already initiated hiring actions for over 500 of those vacancies. We hired on the basis of critical need, and I cannot now tell you how many of those were attrited positions or how many positions were recommended new positions which we felt were essential to hire. I need to go back and look at that.

[The information follows:]

The authority to waive up to 1,000 positions from the hiring freeze, granted by SEDEF to each of the Medical Departments, is being used to hire back personnel into current vacancies. We have had over 1,500 waiver requests from field activities. Critical positions such as nursing and direct patient care support have been given first priority. Remaining waivers are allocated based on most urgent needs and available resources. Navy Medicine attrited over 3,000 personnel during FY 1989. Similar statistics are anticipated for this fiscal year.

To hire all of the additional personnel, made possible by funds added by Congress, both funding and waivers will be required.

Admiral **Zimble**. I have the assurances, however, that for any additional on a case-by-case basis or for those who are not at our direct care facilities, I can request and I have been making requests of the Secretary. I am saying that we will get what we need through the waivers, and I am very appreciative of the letter.

Thank you, sir.

General **Ledford**. Mr. Chairman, it is rather difficult to break out which spaces are which. We started before the hire freeze with over 1,500 vacancies, and then we lost several hundred per week thereafter.

I can tell you that just several days ago the Secretary of the Army has approved some 1,100 requests for exception, and we have a number of requests outlying still in Europe. We are moving ahead rather smartly on this.

RETENTION OF MILITARY PHYSICIANS

Senator **Inouye**. One of the major reasons for this congressional initiative was a set of statistics that we received. We were advised that in the civilian sector for each physician there is generally 5 to 8 support personnel; that is the ratio, minimum 5. In military services it is something like three physicians sharing one support. Is that the present picture?

General **Miller**. It is getting better slowly now that the freeze is off and we can begin to hire from the $20 million that we were given. As you know, it is an important factor in retention almost akin to adequate pay.

Those support figures, Mr. Chairman, have some degree of apples and oranges comparisons in them. Suffice to say, the support ratio for military physicians is significantly less than it is in the civilian world. More often, the quoted figure is 5 to 1, and we are somewhere below 3 to 1. It is very difficult to compare those figures on a true basis because of the difference in organization.

Admiral **Zimble**. All I can add is that we started from the bottom of a very deep well with very, very little clerical and administrative support for our physicians, and over a period of years we have had the support of the Navy line and the Secretary and the Congress to give us more support billets. We are achieving that, and we are growing slowly better all the time.

General **Ledford**. Mr. Secretary, regarding the $20 million that you allocated to the Army, as I know you are aware, $1.6 million has been distributed to Tripler for a special nursing productivity study, and I believe that will purchase the services of about 107 ancillary people, clerks and other people who can make our nurses more effective, just like the nurses make our doctors more effective.

ANCILLARY PERSONNEL

The remnant of that $20 million, I assure you we will make sure we spend that this year on some 500 other ancillary personnel in Health Services Command to ensure productivity. We will use those slots for the kind of people that can help productivity.

General **Miller**. Mr. Chairman, if I might add a parenthetical remark, we believe that that addition was primarily intended to enhance retention and satisfaction of our physicians. Some greater efficiencies may result, but I would hate to see that measured against productivity as several years ago when some 300 slots were given which did not prove any gain in productivity. The measure of merit there, I would respectfully submit, sir, would be if it has an effect on retention over the next several years.

AIDS RESEARCH

Senator **Inouye**. If I may ask, General Ledford, the Army's executive agent for DOD AIDS research, this year the Army is requesting $22.6 million for this research. Last year it was zero, and we added $34 million to make certain that research would continue.

Why did the Army not request funding for research in fiscal 1990?

General **Ledford**. Sir, I cannot tell you for certain what happened. I understand that the Army fully intended after ever—after—this occurred before my time—but I understand that it was the intent of the Army to fund this and by an administrative oversight it did not happen.

Now, the $34 million that you were kind enough to give us—that Congress was kind enough to give us this year will do the job I believe admirably. And the $22 million next year is the minimal amount that would keep the program alive but would add no enhancements.

And, Mr. Chairman, I would like to add parenthetically that AIDS program I believe is paying off quite well for the Nation. We have seen in the last several years a major decrease in the number of new cases each year in the Army. And we are embarking right now on—we are setting up a study of an AIDS vaccine, which is extraordinarily promising. And that study will be promulgated throughout the system in the next few months.

HEALTH CARE SERVICES IN MILITARY HOSPITALS VERSUS CIVILIAN FACILITIES

Senator **Inouye**. All of you have indicated that the health care services provided in military hospitals is comparable to those available in civilian facilities. This is in quality and cost?

General **Miller**. I am unable at the moment to comment on cost other than in the same general area that General Ledford has commented. We do it cheaper by 20 percent to one-third cheaper, Mr. Chairman.

Until recently it was difficult to find objective measurements of quality in the civilian health care world. Most recently the Joint Commission on Accreditation of Hospitals [JCAH] organization has been doing the equivalent of the DOD external peer review. The discrepancy rate in civilian hospitals surveyed by JCAH against established criteria, Mr. O'Leary recently was quoted, is about 6 percent, sir. Our figures in the Air Force are less than 2 percent. We feel that we are providing more efficient and more effective and certainly a higher quality care by any objective measurement, including the measurements in the civilian external review and this is reflected to some degree in the plateau and slight decline in malpractice claims in the last several years.

Admiral **Zimble**. I am extremely parochial, Mr. Chairman. I feel that we are not comparable, that we surpass. We have high quality. And the recent DOD civilian external peer review group, which I had mentioned earlier, forensic medical advisory group, has looked at 40,690 cases from 167 DOD medical treatment facilities and found that they have met the standard of care and initial review, 98.4 percent. I would stack that record against any civilian counterpart.

We are cost effective. And I would remind you of the question you asked General Chong this morning about bone marrow transplant. That is just one element of the many ways that we can be far more cost effective, not only in terms of Government cost but also in terms of what we require our beneficiaries to pay.

So by all means on the cost-effective basis and on a quality basis I think we excel.

The one area where I think we could meet improvement in the triad of real quality is access. We are improving with access. I think we could do more. And in order for us to be the vision that I would like to see happen in military medicine, we need to be cost effective, high quality, and also provide appropriate, timely access to care.

MEDICAL OFFICER RETENTION BONUS

Senator **Inouye**. Has the bonus program really helped to recruit and retain professionals?

General **Miller**. Well, as noted, sir, in my opening statement, I think it is a bit early to totally and adequately assess the impact of the medical officer retention bonus [MORB] to which I presume you allude.

There is no question that the majority, up to 80 percent of those who signed on for increased obligation in order to receive the MORB as we call it elected the 4-year term. Whether or not those were the individuals who might have elected a career anyway is more difficult to determine and will take further analysis.

We believe it is effective, and our recruiters believe it is effective. That is subjective information however, sir.

Admiral **Zimble**. I would submit, sir, as we get closer to the marketplace and become competitive with the marketplace for our physicians, we are going to have better retention. It is the major dissatisfier that has been addressed time and time again. We need to improve our climate in which we work. And we have gone—we made great strides in that regard to make professional satisfaction part and parcel of service in the Navy.

Beyond that we have to be sure that the gap between our professionals—no matter what their discipline—and the marketplace in the civilian sector is not too wide. We will always tolerate some gap. We will always tolerate that because of some other advantages to service in the military. But when that gap becomes too wide, it becomes a remarkable dissatisfier.

PHYSICIANS EXPRESS SKEPTICISM

Physicians are a skeptical bunch. We came up with a new MORB in 1990, and then we put some caveats on the eligibility for that MORB which made it very difficult to administer. And although I have got a very good percentage rate of those eligible, there were a great number that were disenfranchised from eligibility either because they did not have the 8 years of constructive service or they still had an obligation.

That was corrected in the language for this year. And it is too early in the year to see how much additional return there is going to be. But now we are talking of phasing out the MORB and replacing it with the ISP. We are all for finding that final plan that is going to be effective. But the skeptical physician is going to stand back and wait before he makes a commitment to a multiyear contract and see what is going to be the true outcome.

I am very optimistic that we are on the right track with the physician bonus. I am extremely optimistic with the bonus that was provided this year to nurse anesthetists. We in the Navy have seen 93 out of 113 accept that bonus already, which is an 80-percent acceptance rate.

This kind of stability in our force is what is essential for some of our strategic planning. We need that manpower stability, we get that with these kinds of contractual arrangements. And I thank you for that.

Senator Inouye. How is the Army?

General Ledford. Our retention of physicians had fallen to about 40 percent of those—we retained only 40 percent of those who could leave. And this was addressed at the first decision point, the first time that they could leave. And that frightened us a great deal, that we were losing 60 percent of our physicians.

The early returns on the incentive pay on the MORB are, of course, not final. I can tell you that of the people who are eligible for it, 50 percent signed up. And the vast majority of those who signed signed for a 4-year contract. So for the first time in a long time we have a handle on what our force is going to be like a few years out with these long-term contracts.

And the new proposals which Dr. Mendez and his staff I believe will present you for the followon program are much better. The new proposal will cover all types of physicians. It will cover those in the medical fields as well as the surgical ones and I think will be very sensible to our people. And I am sure it will be a success.

BUYING OUT MALPRACTICE INSURANCE TAIL

Senator Inouye. Admiral, last year at a hearing before the Senate Armed Services Committee a Navy witness mentioned a possible initiative to buy out the malpractice insurance tail as a recruiting incentive for physicians.

Admiral Zimble. Well, I believe I was that witness, sir.

Senator Inouye. Is the Navy or DOD seriously considering proposing such an initiative?

Admiral Zimble. Yes, sir; we hope to have some legislative language to the Hill soon. I personally think it is essential.

It is another way of increasing a degree of flexibility. Insurance tails are a fact of life for those who have gone out into private practice. And if they later find they would like to come to the military, they have a malpractice tail to pay for all of those carriers who are looking at claims made type policies. So they pay off a tail that varies between 150 percent to 200 percent of their annual premium.

I have several physicians who have written me letters that they would love to come join the Navy, but they cannot afford the malpractice insurance tail that they would have to pay as a lump sum in order to leave their practice prior to retirement age and come into the military.

If I had the authority—and I do not need funding—if I had the authority to use some of my operation and maintenance dollars, dollars that I would otherwise spend either in CHAMPUS or that I would spend in providing for some care to active duty sailors and marines in a civilian hospital, I could probably get a payback within 3 months.

The same applies now, a new wrinkle, the same applies to many people who are finishing their residency program and who suddenly face going into a practice with a significant debt from their medical school tuitions. These debts are now— they average out in the $35,000 to $40,000 range, and some of them are up $75,000 to even five figures. They cannot afford to come to the military and start to pay back those loans on a military salary.

So I might add that there should be provisions not only for malpractice tails for those physicians who want to come in later in their career, but also for those who might be interested in coming early in their career with an incentive to pay off their debts.

Again, if I have the authority—I do not need the funding, I will spend that money elsewhere if I cannot spend it here in health care delivery, and it will cost me three or four times as much.

Senator **Inouye**. The insurance tail initiative is now being considered by the Navy or DOD?

Admiral **Zimble**. I am not sure I can answer that. I am not sure where it is in the chain.

Senator **Inouye**. Is it under study at this time?

Admiral **Zimble**. Yes, sir.

Senator **Inouye**. Could you provide this committee with findings of that study?

Admiral **Zimble**. Yes, sir; I would be happy to, sir.

[The information follows:]

REPORT ON MEDICAL LIABILITY INSURANCE LIQUIDATION POLICIES

There are three primary financial reasons for physicians' reluctance to come on active duty. First, military pay lags behind net civilian physician pay. Second, physicians just finishing residency usually are heavily in debt from their education expenses. Third, physicians who are in an established medical practice and who might want to join the military, are hampered by medical liability (malpractice) insurance premiums which must be paid after a physician stops practicing.

There are two types of medical liability insurance policies available; occurrence and claims-made policies. Traditional occurrence policies indemnify providers against any incidents occurring during the time-the policy is in effect, regardless of when a claim is filed. Claims made policies provide coverage for liable incidents filed during the period the policy is in-force, regardless of when the incident occurred. Claims made policies shift the risk from the insurer to the insured.

Most senior physicians retain occurrence policies, which were written prior to the mid-1970's. Physicians in training usually do not carry malpractice insurance. Physicians and dentists who entered private practice since the mid-1970's were offered claims-made policies almost exclusively. According to the GAO, about 50 percent of all medical liability insurance policies written are of the claims-made variety. It is expected that the proportion of claims-made policies will continue to increase.

Before they can be discontinued, (to come on active duty, for example) claims-made policies require the purchase of liquidation insurance, or "tail" coverage. The "tail" refers to the estimated five-year time lag to discover and report the majority of potential malpractice claims. The liquidation policy provides coverage for malpractice incidents which occurred but were not reported while the policy was in force. Occurrence policies do not require "tail" coverage.

The cost of these policies are not set in advance, range in price from 130 percent to 200 percent of the annual premium, and average around 150 percent of the price of the annual premium. Three principal variables drive the cost of the "tail" insurance: specialty, scope of practice, and geographic location.

The variability in rates for insurance coverage is demonstrated below. The range and median for four specialties are shown with the corresponding location (state).[1]

$000(State)

	Int. Med.	Gen. Surgery	Ob/Gyn	Neurosurgery
High	19.3 (MI)	72.0 (FL)	153.0 (FL)	170.0 (FL)
Median	5.7 (MT)	27.0 (ME)	42.0 (WY)	47.0 (LA)
Low	1.4 (IN)	7.1 (IN)	11.4 (OK)	11.4 (OK)

[1] Rates charged for $1 million coverage except for Indiana, where only lower limits are offered. From Medical Liability Monitor, April 1988.

Navy has not conducted a formal study to determine the extent to which the requirement to purchase "tail" insurance influences physicians' decisions to come onto active duty in the Navy. However, there is substantial anecdotal evidence that suggests this requirement is an impediment for some physicians; especially obstetrics and gynecology specialists. If the services were authorized to use operating funds to offset the costs of these policies to physicians, the payoff would be significant. The CHAMPUS cost avoidance potential of one obstetrician/gynecologist could be as much as $1.2 million in a single year. At that rate, the entire investment for a high end "tail" insurance policy for an obstetrician/gynecologist would be returned within three months. Authority to use operating funds to defray the cost of a disincentive will be a useful addition to the medical officer recruiter's tool box.

REDUCING PHYSICIANS IN ADMINISTRATIVE POSITIONS

Senator INOUYE. Beginning in fiscal year 1988 and continuing to fiscal year 1990 the services were directed by Congress to reduce the number of physicians in administrative positions. The reports we have received would indicate that the Navy has somehow not followed Congress' direction. Is there any comment?

Admiral ZIMBLE. Yes, sir.

It would never be my position not to follow Congress' direction. I would submit that I anticipated Congress' direction—or the Navy anticipated Congress' direction. We reduced the number of physicians in administrative positions, specifically physicians as commanding officers and executive officers of our hospitals, the 1 year and 2 years preceding the mandate from Congress.

It was for that reason that we felt that we had fully complied, although we did not do it within that particular fiscal year.

I will assure you that we are continuing to look at where physicians can be substituted. But there is an absolute baseline minimum. We feel that there are physicians that we have considered in administrative positions that I would say are really in executive medicine positions, which is, in fact, the specialty of medicine and which requires the competencies that come from the physician. And we feel that we are working towards what we consider to be a floor, which would be 70 such positions.

BASE CLOSURES

Senator INOUYE. The base closure commission recommended closing Letterman Army Hospital, and Oakland Naval Hospital. Will not this be rather disastrous in the San Francisco area for retirees?

Admiral ZIMBLE. Mr. Chairman, I think the base closure commission did not recommend a closure of Oakland.

Senator INOUYE. Secretary Cheney I think has recommended it.

Admiral ZIMBLE. The Secretary of Defense has put it on the list for assessment. I think the closure of both hospitals would present a great burden upon that segment of the community which Dr. Mendez referred to, the segment of the community that is not yet Medicare eligible, that are not active duty dependents or active duty but who are the retired in that area.

So there will be a substantial effect. We will have to find another way of providing care in that area for those people. And it may very well be more costly. We are assessing that.

Senator INOUYE. Is there any service hospital in that area?

Admiral ZIMBLE. The closest service hospital in that area would be Travis Air Force Base.

SMOKERS REDUCTION

Senator INOUYE. General Miller, can you give us an update on the Air Force's success in your effort to reduce smoking and alcohol abuse?

General MILLER. Yes, sir.

The Air Force has reduced smokers by 66,000 since 1985. Our success rate as far as problem drinking is a bit more difficult to measure but those identified problem drinking cases are on a very definite decline. We believe that the time, energy, and dollars spent in health promotion in this regard is well spent.

PRIMUS CLINICS

Senator INOUYE. General, you spoke of the Primus clinics. These are operated by contractors and I suppose also owned by the contractors. Do you monitor the quality of care provided by these clinics?

General MILLER. Yes, sir; we do. They are subject to the same monitoring as our active duty facilities with the exception of not having an on-site, on-scene blue suit administrator and commander.

I have concerns about the Primus clinics' quality and concerns when I see a flyer go into one of those that the providers may not be as aware of requirements in the flying environment—as one of my flight surgeons would—as in one of my active duty facilities.

Nonetheless, they have proved to be popular with our patients. I see it as a band-aid, stop-gap measure until we can robust the direct care system sufficiently to manage care in our areas, Mr. Chairman.

Senator INOUYE. Where did you get the 66,000 figure? How did you determine that?

General MILLER. I will have to submit that for the record. Staff furnished it to me. I presume it is on the basis of surveys done in each base, Mr. Chairman.

[The information follows:]

SMOKERS REDUCTION

A 1988 Air Force Tobacco Use Survey conducted in support of the Air Force's anti-tobacco campaign found approximately 67,500 people have stopped smoking since 1985. The number of cigarette smokers has declined 10.5 percent. Only 28 percent of the active duty population smokes, compared with 31 percent in 1986.

COMBAT EXPERIENCED PHYSICIANS

Senator INOUYE. I was quite impressed with the testimony this morning by the two witnesses, in which I believe General Chong indicated that only two physicians at Wilford Hall Medical Center had any combat experience, and yet all physicians and personnel responded professionally.

Are you satisfied that all of your physicians and support personnel in other hospitals are receiving the same type of training that would equip these men and women for combat?

General MILLER. Yes, sir; I am. One of the best efforts in contingency response training to date has been the incorporation within all three services of what is called the advanced trauma life support [ATLS] course, sir, which is endorsed and sponsored by the American College of Surgeons.

It is a superb program. The goal is that every one of our physicians will soon have been through ATLS. That, combined with the disciplines and the handling of mass casualties and so on, has really paid off and that is happening in every one of our facilities.

I might add that that effort has been one of the reasons that productivity has fallen off a little bit. It takes a lot of time for physicians and paramedical people to train for medical contingencies and it takes a lot of time to implement and effect the quality assurance measures that we have added in the last several years, but it is probably worth it.

Senator **Inouye**. When you say a lot of time, about how much does that involve?

MEDICAL READINESS TRAINING

General **Miller**. Medical readiness training in the last several years has amounted to an average of a 2 weeks out of every year, sir. The quality assurance requirements on the physicians is probably, in the last year, somewhere between 5 percent and 8 percent of their duty time.

Admiral **Zimble**. Mr. Chairman, I would like to just add that I concur with General Miller, and we do the same of course in the Navy.

TRAUMA CARE

One of the interesting phenomena that has happened in this country is that fewer and fewer hospitals are treating the trauma, the advanced trauma patients.

We are using certain emergency centers to provide that kind of care. We are polarizing the surgical profession. Certain surgeons who are considered trauma surgeons are working within those centers, and other surgeons are not getting that kind of exposure.

This has been a concern to me. As a military surgeon, I would expect all surgeons to be ready to be competent and cope with significant trauma.

We have taken a new initiative this past year. Since we do not have within our system in the Navy any true trauma center, we are in the course of each year taking 25 percent of our surgeons and through civilian trauma centers exposing them to 3 month, minitrauma fellowships.

This, by the way, is professionally satisfying to the surgeons. It gives them an opportunity and it assures me that over the course of 4 years every general surgeon on active duty in the Navy has been exposed to a 3-month minitrauma fellowship, which is a very extensive exposure to the type of trauma that we have in our inner cities.

I think it is the most apropos type of training that we can afford our surgeons, that will give them the skills we want to transfer to wartime.

Senator **Inouye**. What is the Army situation?

General **Ledford**. First, let me echo what my colleagues said. We do it essentially all the same. I am very proud to tell you that we do have several trauma centers in the Army.

We have one at William Beaumont Army Medical Center and we have another one at Brooke Army Medical Center in San Antonio, as does Wilford Hall. And those two hospitals do receive a great deal of trauma, as does Tripler.

But it is true that some of our other military hospitals located in—our training centers located in metropolitan areas do not receive much trauma at this time. So we do for our surgical trainees, our residents, much as Dr. Zimble has said, we send them to nationally renowned trauma centers for fellowships and make sure that they are up to date.

Senator **Inouye**. I thank all of you for appearing before us, and may I congratulate each of you for the progress that has been made in improving the quality of health care provided to the men and women of our services and to their dependents and to retirees. You can be assured of our continuing cooperation.

ADDITIONAL COMMITTEE QUESTIONS

We will be submitting the additional questions for your response.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED TO THE ARMY BY SENATOR INOUYE

MEDICAL SUPPORT PERSONNEL

QUESTION. General Ledford, in your statement, you refer to the Army's need for additional clerical and clinical support personnel to relieve health care professionals from performing inappropriate administrative duties. For FY 1990, Congress agreed with you and provided extra funding to allow the Army to hire these additional personnel. In light of this concern, which we share, could you tell the Committee why the Army did not include clerical personnel in those categories of personnel exempted from the civilian hiring freeze?

ANSWER. The Assistant Secretary of Defense (Force Management and Personnel) provided a broad exception to the hiring freeze for 1,000 medical staff and medical support positions in hospitals and related medical care organizations. At the time this general exception was provided the Army Medical Department had approximately 2,000 requests for exceptions in process, a substantial number of which covered clerical and administrative support positions. The blanket exception, as announced by the Department of the Army, included the authority to hire a number of support positions within the health care field, such as Medical Clerks and Medical Records Librarians. Approximately 90% of the vacancies within the US Army Health Services Command were eligible for hire under the occupational series covered by the blanket exception for 1,000 positions. More general clerical and administrative support positions were to be handled on a case by case basis. The Secretary of the Army has recently approved exceptions to the hiring freeze for approximately 325 general support positions in other than health care occupations.

QUESTION. Have your medical facilities experienced a net increase in medical support personnel as a result of the additional funding added by Congress for FY 1990? If not, why not?

ANSWER. We were able to hire 28 ancillary personnel at Tripler Army Medical Center (TAMC) in Honolulu prior to the implementation of the DoD hiring freeze. These positions are a portion of the staff to be used in a Congressionally directed nursing productivity study. Our ability to hire additional staff has been severely limited by the DoD hiring freeze. With the approval of a number of exceptions to the freeze for clerical and administrative support positions on April 4, 1990, we expect that we will be able to accelerate our hiring in a number of facilities. We will use as much of the $20 million as possible to hire the ancillary personnel. The amount that we cannot use as a result of the DoD hiring freeze and the delay in authorization legislation will be allocated to payment of CHAMPUS claims. To actually utilize the full potential in funded work years in FY 1990, we plan to hire in excess of 540 employees.

TRIPLER ARMY MEDICAL CENTER

QUESTION. General Ledford, given Tripler Army Medical Center's geographical location, with its proximity to high-altitude training locations and ocean environments and its ability to draw on a unique population for the study of tropical diseases, it appears that Tripler would be an ideal location for significant long-term health training and research activities. What plans does the Army have for increasing its research and training expertise at Tripler during fiscal year 1991?

ANSWER. We certainly agree with the statement that Tripler Army Medical Center represents unique and largely unrealized research potential. Currently, we are engaged in a limited number of research projects which make use of the unique geographic environment, including the study of high-altitude effects at Mauna Kea, and a study of fungi endogenous to the islands. However, there are no plans to change in any significant way the current focus and diversification of research efforts of Tripler for fiscal year 1991.

QUESTION. Could the Army develop and furnish to the Committee a long-term planning document describing additional activities which might reasonably be expected to be initiated at Tripler over the next three to five years?

ANSWER. Research and clinical investigation programs at Tripler, in common with the programs at the other Army Medical Centers, have been developed largely to support the graduate medical education programs. The expansion of training and research activities and the inherent increase in resources to support an expansion would therefore have to be linked to a requirement for an increase in the graduate medical education program at Tripler. The focus of long-term planning in the Army Medical Department will be on maintaining programs to meet steady state requirements, given the uncertainties of future resource levels.

PERCEPTION OF HEALTH CARE

QUESTION. Do you believe there is a perception in the military community that health care services provided in military hospitals is comparable to or better than that provided in civilian hospitals?

ANSWER. As a result of preliminary data received as part of an ongoing Patient Satisfactions Survey, it has been found that the military community is satisfied with the health care they are receiving and feel it is consistent with what is available in the civilian sector. This survey conducted by the Health Care Studies Division, Health Services Command utilized a modified Group Health Association of America Consumer Staff Survey to assess the satisfaction of health care beneficiaries with the care available through the military system. The results of the final survey will be available in July 1990.

BASE REALIGNMENTS AND CLOSURES

QUESTION. A great concern of this Subcommittee is the effect hospital closures will have on the military medical care system. It is quite clear that, when a hospital closes, simply turning patients into the CHAMPUS system could have a disastrous effect. In his statement, General Miller covered at some length the Air Force's plans to enhance care and facilities at other hospitals when base closures also include hospital closures.

-- General Ledford and Admiral Zimble, may I ask you to give us the Army's and the Navy's plans to accommodate additional workload as hospitals close.

ANSWER. The closure of Letterman Army Medical Center (AMC) at the Presidio of San Francisco will have an effect on access to care for the beneficiaries remaining in the area. Some of that care will be accommodated in the other military treatment facilities in the region i.e. Naval Hospital Oakland and USAF Hospital at Travis AFB. However, some of the demand for care will need to be provided under the CHAMPUS program. Beneficiaries in the area will be able to utilize the services provided by the CHAMPUS Reform Initiative (CRI) program.

The Graduate Medical Education (GME) programs from Letterman (AMC) will be transferred to other Army medical centers and hospitals to continue to train physicians. The transferred GME programs will enhance the quality and quantity of care available at these facilities and improve access to care. Madigan AMC, Ft Bragg, Walter Reed AMC, Eisenhower AMC, Tripler AMC, and Fitzsimons AMC are scheduled to receive over 1432 personnel spaces to continue the GME programs transferred from Letterman AMC.

The closure of Walson Army Community Hospital (ACH) at Fort Dix will also affect the military medical care system. However, the impact is mitigated by the presence of the Delaware Valley Health Services System (DV-HSS) which integrates the health care activities of the three military departments in the Delaware Valley area into one centrally managed health care system. The Army is planning for an addition/alteration of Patterson ACH at Ft Monmouth to a 60-75 bed hospital with a 158 person staffing increase. The staffing buildup has already started and is expected to continue through FY94. The Air Force is also planning for the construction of a 55 bed replacement hospital for McGuire AFB/Ft Dix.

Another means of providing care is through the use of VA/DOD Shared Services Agreements. At the present time we have a total of 58 agreements in effect. These include agreements at Ft Devens, Ft McClellan, Ft Ord, and Letterman AMC with additional agreements under review in the Delaware Valley.

Future base closure studies will continue to include medical care impacts in the feasibility and economic analyses. The Army will continue to look at ways to minimize the impact of base closures for our beneficiaries.

CERTIFIED REGISTERED NURSE ANESTHETISTS

QUESTION. This is a question that I would like to address to each of you. If you do not have the answer at your fingertips, I would appreciate you answering the question for the record. What percentage of anesthesia services are administered by Certified Registered Nurse Anesthetists at night, on holidays and on weekends?

ANSWER. It is impossible to provide an exact percentage of anesthesia services administered by Certified Nurse Anesthetists because that varies with the number and type of anesthesia providers at a hospital.

Eleven of our 38 MEDDACs, our community hospitals, have no anesthesiologist assigned. At these facilities the nurse anesthetists provide 100% of the anesthesia service, and therefore provide all night, holiday and weekend anesthesia.

During nonduty hours at the other MEDDACs, the anesthetists are in the hospital for the emergency cases and the anesthesiologist is available on call from home. Greater than 90% of the nonduty anesthesia requirement is satisfied by the nurse anesthetists.

With the exception of Walter Reed Army Medical Center, Brooke Army Medical Center and Letterman Army Medical Center, the MEDCEN nurse anesthetists are in the hospital and the anesthesiologist is on second call to come in if the nurse anesthetist requests assistance. Generally, this occurs less than 20% of the time so that the nurse anesthetists provides anesthesia services for about 80% of the nonduty hours operative cases.

QUESTION. What percentage do they administer during normal working hours?

ANSWER. Eighteen MEDDACs have only one anesthesiologist. In those facilities, the nurse anesthetists provide approximately 90% of the normal duty day anesthesia services.

At the medical centers where there are several anesthesiologists assigned on a daily basis, the nurse anesthetists provide 75% of the anesthesia services during normal duty hours.

In our three medical centers, Walter Reed Army Medical Center, Letterman Army Medical Center, and Brooke Army Medical Center that have a training program for anesthesiologists, the percentage of anesthesia services provided by nurse anesthetists is significantly lower. The figure is 20%.

QUESTION. Could each of you comment on the amount of supervision provided by anesthesiologists to Nurse Anesthetists? What form does this supervision take?

ANSWER. In those facilities where anesthesiologists are assigned, the supervision varies. At some facilities, the anesthesiologist mandates that each anesthetic be discussed prior to beginning of the operative procedure while at other facilities it is left to the discretion of the nurse anesthetist. During nonduty hours the anesthesiologist is available by phone and whether or not they are contacted is directed by local policy or left to the discretion of the nurse anesthetist. Direct supervision, meaning that the anesthesiologist is present when the patient is put to sleep and the patient is monitored periodically by the anesthesiologist during the operative case, usually occurs only when the patients' medical condition warrants the service of an anesthesiologist or the nurse anesthetist privileges do not allow them to care for the patient without supervision. This latter circumstances is a rare occurrence.

NURSING SATISFACTION

QUESTION. For FY 1990, the Congress provided an additional $90 million to the Army, Navy and Air Force for the purpose of hiring additional medical support personnel to relieve doctors and nurses from the necessity to perform non-clinical tasks. What effect has this had on nurses retention/job satisfaction?

ANSWER. Our ability to hire additional staff has been severely limited by the DoD hiring freeze. With the approval of a number of exceptions to the freeze for clerical and administrative support positions on April 4, 1990, we expect that we will be able to accelerate our hiring in a number of facilities. We will use as much of the $20 million as possible to hire the ancillary personnel. At this time, the impact on nurse retention/job satisfaction is impossible to access. We anticipate that the hiring will have a positive impact on retention/satisfaction.

NONBACCALAUREATE DEGREE NURSES

QUESTION. What percentage of nurse positions were filled this last year by nurses without baccalaureate degrees?

ANSWER. For FY 89, there were 19,373 nurse positions filled in the Army Medical Department. Of the filled positions 5,147 did not possess a baccalaureate degree. Therefore, the percentage of nurse positions filled last year by nurses without baccalaureate degrees was 26.5%.

NON PHYSICIAN SPECIALISTS ADDITIONAL DUTIES

QUESTION. Similarly, the Committee understands that, within each of the Services, the chief non-physician specialist (such as a chief psychologist) is also "tasked with" additional duties.

--Is this the same for the various chief medical specialties? Are the various disciplines treated differently?

ANSWER. All Army Medical Department Officers are tasked with additional duties upon occasion, regardless of Corps. Chief non-physician specialists may be tasked with additional duties, as may chief medical specialists. Although the tasks may vary, hospital commanders are responsible to insure that they are distributed on an equitable basis. For example, a chief non-physician specialist may be tasked with being the

Administrative Officer of the Day at a facility, whereas, a chief medical specialist may be tasked with being the Medical Officer of the Day.

EMERGENCY MEDICAL SERVICES

QUESTION. The Big Island of Hawaii is currently reviewing various options for providing emergency medical care to its citizens. This is a very rural area. The State Health Department understands that consideration is being given to assigning various Black Hawk helicopters to Hawaii, as troops are "pulled back" from Korea. If so, these could provide a significant public health capacity for the State and provide on-going "real life" critical care training for DoD health care personnel. What is the likelihood of this development?

ANSWER. There are no plans to relocate aeromedical evacuation helicopters from Korea to Hawaii. However, present Army Force Modernization Plans prescribe fielding of UH-60's to the 68th Medical Detachment in FY 1996. The fielding will be for six helicopters, the same number that is presently assigned to the unit. For the purpose of scheduling routine maintenance, the Army has prescribed an Operational Readiness Rate of 70 percent for the UH-60. This means, through proper scheduling, two aircraft will be undergoing routine maintenance inspections while the other four are in a flyable status, at any given time. Without considering the impact of unscheduled maintenance, dividing the unit in half would severely impact on the unit's capability to meet its readiness requirements, support to the military and the Military Assistance to Safety and Traffic (MAST) mission on Oahu. The MAST Program support is provided as an adjunct to a unit's primary military mission. Assignment of Army helicopters to the island of Hawaii on the basis of MAST requirements would contravene both Public Law 93-155 and Defense Policy.

There is no Army plan to assign aeromedical evacuation helicopters to the island of Hawaii. However, in 1978 National Guard units were authorized to participate in the MAST Program. Use of these aircraft for the MAST Program is within all applicable laws and regulations. Currently, the Hawaii Army National Guard (HARNG) has 3 UH-1H and 8 OH-58 aircraft located at Hilo International Airport. The National Guard Bureau is in the process of restructuring this unit to a General Support Aviation Company with 10 UH-1H aircraft assigned. This restructuring is programmed to be accomplished during calendar year 1990. The possibility exists that these assets could meet the requirements of Public Law 93-155.

LACK OF PROMOTION OPPORTUNITIES

QUESTION. The committee is aware of significant morale problems among the various non-physician health care provider Corps due to perceived lack of promotion opportunities and career advance. To what extend are these various categories of health care providers, in fact, promoted, as compared with their physician specialty colleagues -- for example, nurse-midwives vs. OB/GYN, optometrists vs. ophthalmologists, psychologists vs. psychiatrists?

ANSWER. The Defense Officer Personnel Management Act (DOPMA) of 1981 amended Title 10, United States Code, to revise and make uniform the provisions of law relating to the appointment, promotion, separation, and retirement of regular commissioned officers of the Army, Navy, Air Force and Marine Corps. DOPMA permitted competitive categories to be established under regulations prescribed by the Secretary of Defense for officers performing functions requiring special training or experience. The separate promotion categories are needed for various groups of officers whose extensive training and experience, and often relatively narrow utilization, makes it impossible for them to compete for promotion on an equal footing with other officers having more generalized experience. Six separate competitive categories were established within the Army Medical Department (AMEDD): Medical Corps, Dental Corps, Army Nurse Corps, Army Medical Specialist Corps, Medical Service Corps, and Veterinary Corps. Since 1967, and continued with DOPMA, Congress has exempted all physicians and dentists from the active duty strength and grade ceilings for Colonels and below. This has enabled the Secretary of Defense to insure that medical/dental officers of one service are afforded an opportunity to be considered for promotion at the same career point and with the same selection opportunities, as medical/dental officers of the other services. As a result the Army Medical Corps and Dental Corps competitive categories are referred to as being exempt from the field grade limitations of DOPMA. To provide for the continuation of the best qualified physicians and dentists the following selection opportunity rate guidelines have been utilized for promotions in these two DOPMA exempt, Army competitive categories: Colonel (COL) - 75%; Lieutenant Colonel (LTC) - 85%; Major (MAJ) - 100%. However, the four remaining AMEDD competitive categories are encompassed within the DOPMA ceilings on authorizations for senior-officers in the grades of Major, Lieutenant Colonel and Colonel. The by grade ceiling does not permit an open ended selection opportunity rate for promotion within these competitive categories. The guidelines for selection opportunity rates for promotion for the non-exempt competitive categories, as identified in DOPMA are: COL - 50%; LTC - 70%; MAJ - 80%. An analysis/comparison of selection opportunity rates for promotion for the specialties identified in the question is not feasible since the specialties represent different Corps and competitive categories. OB/GYN, ophthalmologists and psychiatrists are Medical Corps, nurse-midwives are Army Nurse Corps, optometrists and psychologists are Medical Service Corps. Therefore, any attempt to make a comparison of promotions between a competitive category with grade ceiling limitations to one that is DOMPA exempt, would offer specious conclusions and ignore the special considerations afforded the medical and dental officers by Congress. Equity and timing within a competitive category are the key factors in maintaining morale and are carefully managed by the Army and the AMEDD within the constraints of DOPMA and Title 10.

EXCESS MEDICAL EQUIPMENT

QUESTION. Is it possible at this time to provide an inventory of all major medical items that will be declared excess as a result of worldwide base closures?

ANSWER. Yes, we can provide an inventory of all major medical items declared as excess. The Army Medical Department Property Accounting System (AMEDDPAS) provides visibility of medical inventories at fixed Army medical treatment facilities worldwide. Detailed property book listings with nomenclature, acquisition cost and date equipment was placed in service can be provided. Following is the property book value of assets costing $5,000 or more at Letterman Army Medical Center and Fort Dix, listed in the Base Realignment and Closure Act, plus Forts Ord and McClellan.

Letterman Army Medical Center	$23,691,255
Fort Dix	7,203,123
Fort Ord	10,457,657
Fort McClellan	4,426,623

QUESTION. Do you know how much of this equipment is slated to be transferred to the U.S. humanitarian civic action program?

ANSWER. We do not know how much equipment is slated for the U.S. humanitarian civic action program at this time. However, at the time a medical facility is closed, a detailed listing of excess medical equipment would be prepared. The equipment is first advertised and redistributed to Army claimants. A listing of the remaining medical equipment is then provided Assistant Secretary of Defense for International Security Affairs, Office of Humanitarian Assistance. Following this screening, residual assets would be released to Defense Reutilization and Marketing Service, Battle Creek, Michigan.

QUESTIONS SUBMITTED TO THE ARMY BY SENATOR BUMPERS

DEPLOYABLE MEDICAL SYSTEMS

QUESTION. Your testimony states a need for a total of 129 Deployable Medical Systems (DEPMEDS) hospital sets for the Army. Is this requirement still valid in view of plans to withdraw forces from Europe and Korea and to demobilize five Army divisions?

ANSWER. The Deployable Medical Systems program was initially funded to equip and/or modernize 156 of 162 U.S. Army tactical hospitals needed to support 28 Army divisions. Through fiscal year 1991 the Army has limited procurement to 129 sets of equipment. In view of ongoing Conventional Forces Europe negotiations, a lessened threat, and medical force modernization, the capability represented by this adjusted procurement target appears to be fiscally prudent until definitive requirements are determined for all combat service support.

QUALITY OF HEALTH CARE OVERSEAS

QUESTION. Are you satisfied that the military medical care provided to our troops and families in Europe and Korea equals the standards of that provided to troops in the continental United States (CONUS)? If not, what are the major problems, and what is needed to fix them?

ANSWER. Yes, I am satisfied that the same level of training and medical expertise exists overseas as in the United States. All eligible medical treatment facilities, outside the continental United States (OCONUS) have received accreditation by the Joint Commission on Accreditation of Health Care Organizations.

Additionally, the most recent analysis by the External Peer Review Program, a DoD mandated civilian review of health care practices within the military service, has found a similar incidence of cases meeting specific standards of care overseas as in CONUS. As of November 1989, data reflects that 98.2 percent of cases in Korea have met the standards of the External Peer Review panel; while 7th Medical Command was reported at 98.9 percent. This compares favorably with US Army Health Service Command average of 98.2 percent during the same period.

QUESTIONS SUBMITTED TO THE NAVY BY SENATOR INOUYE

MALPRACTICE INSURANCE

QUESTION: Admiral Zimble, do you have any estimate of the cost of buying out a malpractice insurance "tail"? What would be the average malpractice insurance "tail" for, say, an orthopedic surgeon or an obstetrician?

ANSWER: The cost of medical practice insurance liquidation policies (tail insurance) varies between 130 and 200 percent of the annual cost of a physician's normal medical liability insurance policy. Estimates of the cost to purchase these policies for a particular specialty vary widely and are dependent on many variables. The most significant among these being the medical specialty, practice location, and individual clinical practice history. Tail insurance policies for an obstetrician/gynecologist and an orthopedist would cost between $95,000 to $145,00 and $65,000 to $100,000 respectively.

RETENTION OF MEDICAL PERSONNEL

QUESTION: Admiral Zimble, over the past several years, the Congress has enacted a number of new or increased bonuses for healthcare personnel, designed to aid in recruiting and retaining qualified healthcare professionals. Have these bonuses done what they were designed to do? Are you finding it easier to recruit healthcare professionals?

ANSWER: The Medical Officer Retention Bonus (MORB) has been shown to be effective in the retention of physicians. Center for Naval Analysis (CNA) review of the FY 89 MORB demonstrates improvement in retention of MORB eligible physicians. It is too early to know the effect of the FY 90 legislated bonuses, MORB, Nurse Accession, and Certified Registered Nurse Anesthetist. Recruiting of physicians has improved significantly over the past two years. Many factors must share in these successes including improved compensation, increased leadership attention to recruiting of all healthcare professionals, streamlined recruiting procedures aimed at shortening the time from application to appointment (one stop shopping), more programs available to recruiters (especially in the Nurse Corps), and more field recruiters.

QUESTION: Admiral Zimble, have you been able to determine whether the enhanced bonuses have been an effective retention tool?

ANSWER: The FY 89 MORB has been shown by CNA to have improved retention of MORB eligible physicians, that is, their retention has increased over the same period of time. It is too early to evaluate the effect of the FY 90 legislated healthcare professional bonuses. We are fairly certain, however, that the congressional changes in the MORB eligibility will be very positive as a significantly larger number of relatively junior physicians became eligible for the MORB.

QUESTION: Admiral Zimble, I note in your prepared remarks that you report the Navy is likely to achieve its goal of 4505 physicians in FY 1993. What indicators do you have that enable you to make this judgment two years in advance?

ANSWER: Many indicators lead me to believe that 4505 physicians is reality for FY 93. Most notably is improved recruiting (between fiscal year 1988 and fiscal year 1990), increased scholarships, and improved retention. All indicators are moving in the right direction.

QUESTION: Admiral Zimble, are you likely to attain the "mix" of physicians that you would like?

ANSWER: Through aggressive management of all aspects of our Graduate Medical Education program and with improved recruiting, targeted at our critical shortages our specialty mix should come into balance as our end strength also reaches target. My mix is, a constantly changing target as threat assessments change and Navy Medicines initiatives change in response to controlling the rising cost of delivering healthcare. Within reason, given the length of training required for some specialties, our mix will be close to that desired as our end strength reaches 4505.

CIVILAIN MEDICAL SUPPORT POSITIONS

QUESTION: For FY 1990, the Congress provided an additional $90 million to the Army, Navy and Air Force for the purpose of hiring additional medical support personnel to relieve doctors and nurses from the necessity to perform non-clinical tasks. What effect has this had on nurses retention/job satisfaction?

ANSWER: Little action can be initiated to hire additional personnel as a result of any new FY-90 initiatives and few additional waivers for medical treatment facilities can be requested until the current overall shortfall of funding in Navy Medicine is addressed. Until we hire all of the 904 additional personnel authorized by Congress, it is to soon to say what the effect will be on nurse retention/job satisfaction.

NAVY MEDICAL BUDGET

Admiral Zimble, we are told that the Navy has suffered a $137.4 million shortfall in CHAMPUS funding in FY 1990. As I recall, you did not have a shortfall in FY 1989.

QUESTION: What has caused the shortfall in FY 1990?

ANSWER: A number of events have occurred since the budget was prepared to make one believe that the fiscal year 1991 budget request is inadequate. These include the fiscal year 1990 CHAMPUS reprogramming and the indications that the total demand for care is increasing rather than stabilizing or declining. While the Congress added $50M in fiscal year 1990, the CHAMPUS program was offset on the assumption that more workload could be recaptured. It now appears that the opportunity to recapture CHAMPUS is much less than originally anticipated. Since the preparation of the fiscal year 1991 President's budget, the CHAMPUS program will require a reprogramming action of $263M. The reprogramming action consists of the following:

(1) fiscal year 1990 started with a $33.5M carryover from fiscal year 1989 unpaid CHAMPUS claims;

(2) the benefit cost increase is the difference in the CAPS model projection from the time of program budget formulation to execution - $54.9M;

(3) the initial budget did not include Continuing Health Education, which evolved after the budget was formulated -- $9.3M;

(4) the Tidewater CPA contract was renewed for more than was budgeted -- $12.6M;

(5) the increase in the CHAMPUS Reform Initiative (CRI) costs are a combination of an anticipated CRI savings which were not achieved and an increase in Navy's share of the CRI fixed-price contract -- $61.6M;

(6) Navy has again been directed to absorb the cost of the Coast Guard -- $17.0M;

(7) fiscal intermediary (FI) claims increased 44 percent over fiscal year 1989; renewal of the 1990 contract exceeded the amount budgeted -- $11.2M;

(8) CHAMPUS claims for fiscal year 1988 in the CRI area were not anticipated -- $7.0M;

(9) price/volume variance is due to greater than budgeted usage of CHAMPUS by beneficiaries and overall higher costs per claim than anticipated -- $55.9M. The initiatives that caused the reprogramming action are issues over which Navy has very little control. Out-of-catchment CHAMPUS cost growth cannot be recaptured by Navy contracting initiatives. Another major area over which the Navy has no control is the outpatient cost and workload. The delivery of healthcare has changed and the initiatives in CHAMPUS to control costs have not kept pace with the hospital industry. Yesterday's three-or four-day hospital stay is today's outpatient surgery. While we have controlled costs on the inpatient side through diagnostic related groups (DRGs), there is no similar outpatient cost containment mechanism on the outpatient side. While a significant amount of dollars were invested in healthcare contracting to reduce the CHAMPUS deficit, we believe these contracts have increased accessibility to the military treatment facilities for our beneficiaries. The out-of-catchment area cost and the outpatient costs continue to be the major driver of CHAMPUS costs.

QUESTION: In your prepared remarks, you say that the number of nonavailability statements is down and that workload in Navy hospitals is up. If this is true, why did CHAMPUS costs go up?

ANSWER: The increase has occurred because of the following events:

(1) fiscal year 1990 started with a $33.5M carryover from the fiscal year 1989 unpaid CHAMPUS claims;

(2) the benefits cost increase is the difference in the CAPS model projection from the time of program budget formulation to execution - $54.9M;

(3) the initial budget did not include Continuing Health Education, which evolved after the budget was formulated - $9.3M;

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(8) CHAMPUS claims for fiscal year 1988 in the CRI area were not anticipated - $7.0M;

(9) price/volume variance is due to greater than budgeted usage of CHAMPUS by beneficiaries and overall higher costs per claim than anticipated - $55.9M.

QUESTION: Of your $2.256 billion request for Navy medical programs in FY 1991, how much is for CHAMPUS? Does this fully fund CHAMPUS?

ANSWER: The CHAMPUS portion of the $2.256 billion request is $880.5M, including the estimated Navy portion, at that time, of $303M for the Department of Defense CHAMPUS Reform Initiative. Since the preparation of the fiscal year 1990 President's budget, we have initiated a CHAMPUS reprogramming action of $263M. The current estimate for the fiscal year 1991 CHAMPUS budget requirement as of today is $1.239 billion. The initiatives that caused the reprogramming action are issues over which Navy has very little control. Out-of-catchment CHAMPUS cost growth cannot be recaptured by Navy contracting initiatives. Another major area over which the Navy has no control is the outpatient cost and workload. Yesterday's three-or-four-day hospital stay is today's outpatient surgery. While we have controlled costs on the inpatient side through diagnostic related groups (DRG's), there is no similar outpatient cost containment mechanism on the outpatient side. While a significant amount of dollars were invested in healthcare contracting to reduce the CHAMPUS deficit, we believe these contracts have increased accessibility to the military treatment facilities for our beneficiaries. The out-of-catchment-area costs and the outpatient costs continue to be the major driver of CHAMPUS costs.

EFFECTS OF HOSPITAL CLOSURES

A great concern of this Subcommittee is the effect hospital closures will have on the military care system. It is quite clear that, when a hospital closes, simply turning patients into the CHAMPUS system could have a disastrous effect. In his statement, General Miller covered at some length the Air Force's plans to enhance care and facilities at other hospitals when base closures also include hospital closures.

QUESTION: General Ledford and Admiral Zimble, may I ask you to give us the Army's and the Navy's plans to accommodate additional workload as hospitals close.

ANSWER: It is anticipated that the Medical Department will be able to retain all, or part, of the staff endstrength from any Navy medical treatment facility (MTFs) that might be affected by the base closure or realignment. Our first action would be to move this endstrength to MTFs supporting locations to which the Navy or Marine Corps realigned its missions. Any resources remaining after these requirements were met would be allocated to locations where unused facility capability exist that offers us the greatest opportunity to reduce dependence on CHAMPUS and control our cost. For our beneficiaries who remain in the area where bases, or MTFs, were closed, we are actively pursuing an initiative to establish contracted managed care plans. This will enable us to meet our entitlement responsibilities while controlling cost through a contractual agreement that allows our beneficiaries to enroll in a local health maintenance organization or preferred provider organization.

CERTIFIED REGISTERED NURSE ANESTHETISTS

QUESTION: What percentage of anesthesia services are administered by Certified Registered Nurse Anesthetists (CRNA's) at night, on holidays and on weekends? What percentage do they administer during normal working hours?

ANSWER: The percentage of anesthesia administered by CRNA's varies based on facility size, whether teaching or non-teaching hospital, location, whether on land or on board ship, number of anesthetists and/or anesthesiologists assigned. There are 8 facilities and 20 operational units where CRNA's are the only anesthesia specialists and provide 100 percent of anesthesia services. These include carriers, battleships, fleet surgical teams, or smaller ships. An informal, representative sample of Navy CRNA's was done in March 1990, and the following information was reported from various sized facilities : 57 percent of anesthesics are administrered by CRNA's during normal working hours; 66 percent of anesthesics are administered by CRNA's after normal working hours.

QUESTION: Could each of you comment on the amount of supervision provided by anesthesiologists to Nurse Anesthetists? What form does this supervision take?

ANSWER: A nurse anesthetist requests privileges and is credentialed to practice the specialty by facility commanding officer upon recommendation of the command credentials committee. Guidelines from the 1988 DoD healthcare providers credentials review and privileging directive are used as the basis for scope of practice for Navy nurse anesthetists. The Navy issued a policy statemen in August 1988 clarifying the role of CRNA's dilineating a collaborative practice environment based on specialty guidelines and state nurse practice acts. There are no arbitrary restrictions or limitations placed on nurse anesthetists regarding practice, case review, or chart review. Anesthesiologist supervision in the Navy ranges from direct and indirect in large and medium sized hospitals to none in smaller facilities and onboard ship.

NON-BACCALAUREATE DEGREE NURSES IN NURSE CORPS

QUESTION: What percentage of nurse positions were filled this last year by nurses without baccalaureate degrees?

ANSWER: Approximately 23 percent of new accessions into the Navy Nurse Corps this last year were diploma prepared registered nurses without a baccalaureate degree.

HEALTH PROFESSIONS SCHOLARSHIP PROGRAM FOR OPTOMETRY

Admiral Zimble, I was pleased to learn that the Army has taken the lead in reinstating the Health Professions Scholarship Program for optometry. But I understand that neither the Navy nor the Air Force have acted on reinstatement for optometry.

QUESTION: Do you have a plan, or do you intend to reinstate HPSP for optometry as a way to ameliorate the recruiting problems for optometry?

ANSWER: The Navy Medical Department is currently studying the reinstitution of AFHPSP for optometry. While fiscal year 89 was a relatively successful recruiting year for optometry, we feel that this specialty continues to represent a challenge in terms of both accessing and retaining qualified personnel. This finding was recently confirmed in a Center for Naval Analysis (CNA) study on the Medical Service Corps' accessions and officer retention over the last several years. The analysis concluded that given our relatively low historical and projected retention rates for optometrists (approximately 59 percent from fiscal year 84 - fiscal year 88), we will continue to require a large number of new accessions each year to meet our requirements. As in fiscal year 89, our fiscal year 90 optometry direct accession quota is ambitious and we remain dependent on meeting this goal to minimize staffing shortfalls. I will complete my review of this issue by summer 1990.

PRIMARY/MENTAL HEALTHCARE TO SERVICEMEN ON SEA DUTY

QUESTION: Can you describe how the Navy provides primary healthcare/mental healthcare to servicemen on sea duty?

ANSWER: Primary healthcare/mental healthcare at sea is generally provided by intrinsic medical assets supported, as required, by fixed shore-based medical facilities. Most ships deploy as part of a Carrier Battle Group, Surface Action Group, or Marine Amphibious Readiness Group. Medical care aboard ship ranges from the Independent Duty Hospital Corpsman (IDC) on "small boys" (FFGs, DDs, and CGs) or submarines to specialists assigned to aircraft carriers (CVs/CVNs) or serving as members of Fleet Surgical Support Teams embarked on amphibious assault ships (LPHs, LHAs). IDCs are senior Hospital Corpsman (HMs) who have completed one year of formal, advanced Hospital Corps school and, after intense written, oral, and practical examinations, have been certified to serve independent of a medical officer at sea. Guidelines for patient referral are set fourth in Fleet Regulations, and it is routine for IDCs to seek guidance from medical officers over the ship-to-ship tactical radio network.

In cases requiring care beyond the scope of IDCs, patients are transferred to the care of a medical officer. On occasion, medical officers are sent to assist IDCs in stabilizing patients prior to medical evacuation (medevac) and often go on medevac missions to serve as the medical attendant. LPHs, LHAs, BBs, and CVs/CVNs have surgical capability and inpatient wards. In the uncommon event a patient may require more sophisticated care than can be provided on the larger ships, patients are medevac'd to a fixed treatment facility after stabilization.

In port, patients in need of specialty care are referred to shore-based medical treatment facilities. In foreign ports, the US Defense Attache's Office or

Consulate often have working agreements with local medical facilities that have been visited by Fleet medical personnel to ensure availability of quality care.

Specific to the issue of mental healthcare, IDCs and medical officers aboard ship are capable of conducting comprehensive psychiatric intake interviews and are frequently called upon to do so. Patients presenting with signs/symptoms of significant mental illness or posing a threat to themselves or others are referred to definitive care in the same manner as patients with complex medical or surgical problems.

NAVY'S CHAMPUS COSTS

QUESTION: In your testimony, you said that 75 percent of the Navy's CHAMPUS costs were incurred by the 25 percent of beneficiaries who live outside catchment areas of Navy's MTFs. This contradicts information that the committee has understood to be the case. The GAO, for instance, reported in July 1989 that DoD-wide, 68 percent of CHAMPUS' costs was incurred for care to beneficiaries who live inside MTF catchment areas. Is the Navy different from DoD-wide experience? Please provide the committee for FY 1989, and 1990 to the extent available, Navy CHAMPUS costs for care provided to beneficiaries who live inside Navy MTF catchment areas and for care for outside catchment areas. This data should be provided separately for inpatient and outpatient.

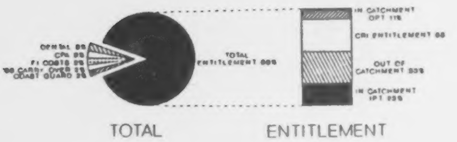
ANSWER: Mr. Chairman, The percentages I reported during the hearing were wrong. I will take this opportunity to explain where CHAMPUS funds are spent and the severe limitations we face in managing the program under the current rules. If we are going to control the growth in CHAMPUS we will have to influence our beneficiaries' behaviors vis-a-vis use of their CHAMPUS entitlement. As far as Navy is concerned, we can potentially influence the CHAMPUS related behaviors of about 75 percent of our beneficiaries. The remaining 25 percent live in states covered by the CHAMPUS Reform Initiative (CRI).

Since the CHAMPUS expenditures distribution issue is a little more complicated, I have attached four charts which I think will help illustrate the issues of the total Navy CHAMPUS bill.

(CHART 1)-about 88 percent is directly related to the CHAMPUS entitlement. As you examine CHART 2, it is important that you remember that we can potentially influence only inpatient related CHAMPUS use in a Navy catchment area. The CRI program and out of catchment CHAMPUS workload each consume about 33 percent of the pie. Another 11 percent pays for outpatient use within the catchment area. Therefore, we have the potential to effect only 23 percent of the CHAMPUS entitlement expenditures. Since emergencies and CHAMPUS as second payor care do not require prior approval and represent 13 and 10 percent of the remaining 23 percent, then the potentially influenceable pie is reduced even further to about 18 percent of the entitlement or 15 percent of the initial total CHAMPUS pie in CHART-1. A final limiting factor is that 33 percent of this remaining 15 percent is psychiatric care which Navy facilities are neither staffed or equipped to handle. When all limitations are considered, we have the potential to effect change among 75 percent of our beneficiaries to the extent that their individual behaviors account for 10 percent of all CHAMPUS expenditures.

#1

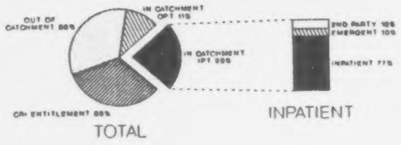
TOTAL CHAMPUS DISTRIBUTION
(NAVY - FY 89)



100% TOTAL CHAMPUS NAVY

#2

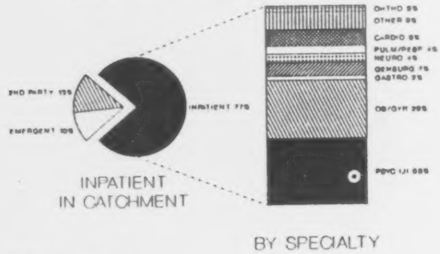
TOTAL CHAMPUS ENTITLEMENT
(NAVY - FY 89)



88% OF TOTAL CHAMPUS

#3

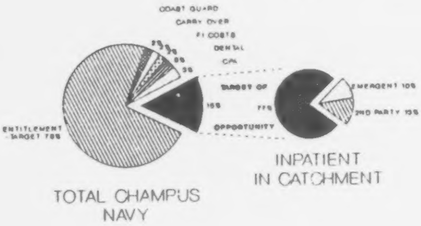
CHAMPUS INPATIENT COSTS
(NAVY - FY 89 IN CATCHMENT)



20% OF TOTAL CHAMPUS NAVY

#4

TOTAL CHAMPUS NAVY
(FY 89)



The display below reflects the Navy's CHAMPUS costs for FY-89 (thru 31 Mar 90). As for FY-90, it is to soon to provide you a display reflecting costs. However, what we have experienced thus far has been a reprogramming action of $263 million for CHAMPUS in FY-90.

NAVY'S CHAMPUS COSTS
FY-89

	INPATIENT	OUTPATIENT	TOTAL
INCATCHMENT	514,432,967.00	238,395,666.00	752,828,633.00
OUTCATCHMENT	137,904,237.00	78,229,442.00	216,133,679.00

QUESTION: The Committee is aware of significant morale problems among the various non-physician healthcare provider corps due to perceived lack of promotion opportunities and career advance. To what extent are these various categories of healthcare providers, in fact, promoted, as compared with their physician specialty colleagues - for example, nurse-midwives vs. OB/GYN, optometrists vs. opthalmologists, psychologists vs. psychiatrists?

ANSWER: A direct comparison of promotion opportunities between officers of different Navy Medical Department Corps can be misleading. Each officer competes for promotion within his or her respective Corps, essentially against one's competitive peers. Physicians are evaluated against each other for selection to the next higher grade. Consequently, optometrists do not compete against opthalmologists for promotion since they are members of the Medical Service Corps and the Medical Corps, respectively. Inter-Corps quantitative assessments would also be inconclusive due to the fact that the Medical and Dental Corps are not currently constrained by DOPMA promotion restrictions. In all cases, however, promotion boards are charged with selecting the best qualified officers, irrespective of specialty. Officers are aware that promotion is a competitive process. Our leadership and management training at all levels continually reinforces the requirement for officers to progress in all facets of career and professional development to ensure that they are most competitive for promotion and positions of increased responsibility.

QUESTIONS SUBMITTED TO THE AIR FORCE BY SENATOR INOUYE

PRIMUS CLINICS

QUESTION: What criteria are used to determine the location of new PRIMUS clinics?

ANSWER: The Air Force does not plan any new PRIMUS clinics at this time. However, the Air Force approach to identifying potential sites for PRIMUS clinics is fully consistent with our policy that health care needs are best identified and managed locally. The criteria used to determine the location of our present five PRIMUS clinics are: (1) support a large active duty population; (2) show evidence of excess demand, such as appointment backlogs, clinic overcrowding, and history of access complaints; (3) have an existing or projected shortfall of primary care providers; (4) exhibit high CHAMPUS costs and volume; (5) be within an Air Force hospital catchment area; (6) have Major Command and Surgeon General concurrence and local Air Force base support; (7) avoid competition with planned Army and Navy clinics; (8) have local civilian resources available to support operation of PRIMUS clinics, such as having the facilities to lease and the available providers.

QUESTION: Are these clinics available only to active-duty and their dependents?

ANSWER: No. All eligible beneficiaries may use these clinics.

Catchment Area Management Project

QUESTION: The Air Force has been the slowest of the Services to begin Catchment Area Management demonstration projects. Why has it taken until this year for the Air Force to get these projects off the ground?

ANSWER: The Air Force was the second Service to begin the Catchment Area Management (CAM) Demonstration, since the Navy delayed their start-up until April. The Air Force program is significantly more complex than that of the other Services. Preparation for such a complex undertaking is necessary to "do it right". The Air Force's concept of operations for the CAM program involves a comprehensive, completely integrated, managed care program. The Air Force program, which began in March 1990, includes not only enrollment, referral, and provider network development, but sophisticated modifications to current claims processing procedures and a comprehensive utilization management program as well. Further, our initial strategy involved contracting for assistance in implementing and operating an independent managed health care program. Our strategy was revised in June 1989 due to OCHAMPUS insistence on using existing contracts. This required extensive modification to existing CHAMPUS contracts, ADP programs, etc. For example, the Air Force modification to the CHAMPUS

Operations Manual for the Fiscal Intermediary (FI) involves more procedural changes (aimed at reducing administrative demands on patients and providers) than the modifications for the other Services. As with most contracts, considerable time is lost meeting all process/legal requirements to change a contract. The DoD civilian hiring freeze also caused some delay in hiring personnel to manage our program. There has been rapid progress since that time. In addition, the Air Force is the only Service incorporating a comprehensive, fully integrated case management/utilization review program into its demonstration, which we believe essential to reducing the rapidly rising rate of CHAMPUS costs in these catchment areas. Although we announced March 1, 1990, as our start date, there were many aspects of the CAM program implemented prior to our start date; namely, the Health Care Finder and Partnership programs; providing a case manager at Luke AFB for approximately one year to provide case management/discharge planning services for patients; and a self-intervention training program for patients at both demonstration sites. Self-intervention training provides patients instruction in how to better manage their own health care needs using the pamphlet, "Take Care of Yourself".

QUESTION: One concern that this Subcommittee has is that projects designed to increase access to medical care, while at the same time containing costs, may only increase access, both to the direct care system and to CHAMPUS. How confident is the Air Force that your two Catchment Area Management projects will, in fact, reduce costs?

ANSWER: We feel very confident. The Air Force's comprehensive, completely integrated managed care program includes an aggressive utilization management program as well as a dynamic network of cost effective providers and institutions in the demonstration areas. These will enable us to contain the rapid rise in health care costs within these areas.

QUESTION: What specific measures are you taking to contain costs?

ANSWER: Two primary methods will be employed, negotiation of reduced rates and managing utilization. Agreements have been obtained with hospitals for 78-95% of the CHAMPUS DRG reimbursement rate and with providers for 70-80% of the CHAMPUS prevailing. The existing provider network is well established and growing. Actual provider billing data, obtained from the Fiscal Intermediary, was used in developing proposals and counterproposals. Primary incentives for participation is a higher (not guaranteed) patient volume and better responsiveness with respect to claims processing. Primary methods for managing utilization include: Self care training to help patients better manage their own medical needs; enhancement of military hospital services as a cost-effective alternative to civilian care and managing referrals to assure maximum use of the military hospital; assignment of patients to a single primary care provider who must then approve all specialty care; preauthorization of all inpatient and selected outpatient care via modification of the CHAMPUS Peer Review Organization (PRO) and CHAMPUS Mental Health Peer review/Case Management contracts; retrospective review to identify trends or problem areas which can then be addressed through focused review or other measures as appropriate; and case management and discharge planning programs assure patients with significant medical problems receive services in appropriate (e.g., cost-effective) treatment settings and to reduce long-term need for care. We are developing an in-house utilization review program, to include preauthorization of selected procedures, concurrent review, and retrospective review. Finally, Air Force is modifying the AQCESS CAM module which will help manage care for beneficiaries who choose to keep CHAMPUS as well as those who enrolled in MedExcel, the Air Force Medical Services trademark for its managed health care program.

Positions Filled by Nurses

QUESTION: What percentage of nurse positions were filled this last year by nurses without baccalaureate degrees?

ANSWER: Overall, 2.5 percent (or 133) of the entire nurse corps was comprised of nurses without baccalaureate degrees as of December 30, 1989. Of these 133 nurses, many are in specialty practice and have advanced professional education and training beyond the basic nursing preparation. Included are 21 operating room nurses, 21 certified registered nurse anesthetists, 14 nurse practitioners and three midwives.

Certified Registered Nurse Anesthetists

QUESTION: What percentage of anesthesia services are administered by Certified Registered Nurse Anesthetists (CRNAs) at night, on holidays and on weekends?

ANSWER: In 50 of 78 facilities, CRNAs are the sole providers of anesthesia and, therefore, provide 100 percent of the anesthesia services at night, on holidays and on weekends. During the same time periods CRNAs at most medical centers without anesthesiology training programs, administer greater than 90 percent of the anesthesia under the direct or indirect supervision of anesthesiologists or other physicians. At the one medical center which does have a training program in anesthesiology, CRNAs administer approximately 70 percent of the anesthesia. At medium-sized facilities, CRNAs administer approximately 50 percent of anesthesia at night, on holidays and on weekends.

QUESTION: What percentage do they administer during normal duty hours?

ANSWER: During normal duty hours, CRNAs administer more than 90 percent of anesthesia at the medical centers. Anesthesiologists or other physicians directly or indirectly supervise these cases and perform pre-operative patient evaluations, respond to emergencies and supervise other providers. At the one medical center which has a training program in anesthesia, CRNAs administer 58 percent of anesthesia during normal duty hours. At medium-sized facilities, CRNAs administer approximately 50 percent of anesthesia.

QUESTION: Could each of you comment on the amount of supervision provided by anesthesiologists to nurse anesthetists? What form does this supervision take?

ANSWER: CRNAs are supervised by an anesthesiologist, 100 percent of the time, when assigned to a facility with anesthesiologists. Each nurse anesthetist, in facilities without an anesthesiologist, has a supervising physician who provides supervision 100 percent of the time.

GRADUATE MEDICAL EDUCATION

QUESTION: Could you describe for the Subcommittee the direct benefits the Air Force derives from Graduate Medical Education (GME)?

ANSWER: GME provides physician specialists to the Air Force that we would otherwise be unable to recruit. These programs train residents in a military environment, similar to what they will be working in when they complete their residencies. They emerge knowing more about the military system and administrative procedures and are better prepared to transition into the active duty medical workforce. Having in-house GME training programs enhances quality of care through retention of physicians in both clinical and academic positions. Statistics prove that we retain in-house trained physicians in greater numbers than civilian trained physicians. Beyond this, residents offer us the ability to see an additional volume and case mix of patients that otherwise we would be unable to accommodate in the direct care system.

QUESTION: Do you have any retention statistics for physicians who have taken advantage of Graduate Medical Education (GME) programs?

ANSWER: Based on the last five years of data, the Health Profession Scholarship Program graduates who receive their GME in house are retained at a significantly better rate than those who receive their training in civilian institutions. One year past their initial obligation, military GME graduates stay on active duty at roughly twice the rate of civilian graduates (49% versus 26%). The disparity becomes even greater five years past initial obligation. At this point, in-house graduates are retained at a rate roughly four times greater (20% versus 6%).

GRADUATE MEDICAL EDUCATION

QUESTION: Does the Air Force "target" residencies to specialties in which physicians are in short supply?

ANSWER: Yes. We train the maximum number of residents in specialties where we have critical needs, supplemented by civilian sponsorship for programs we are unable to train in house. Internal advertising of critical specialty training opportunities is routinely circulated through our medical treatment facilities. The Final Year Sponsorship Program and the Financial Assistance Program are used to sponsor civilian-trained physicians who are near completion of their specialty training and will come on active duty in the near term Additionally, the Air Force targets physician requirements through a process that begins with our annual Physician Forecast Board. Board members review out-year requirements in all specialties and convert them into goals. These goals become the basis for our annual Graduate Medical Education (GME) Selection Board, where individuals are selected for military GME training slots, civilian-sponsored residency training, and deferred training (when an individual finances their own civilian training and returns to active duty after completion). This annual two-board cycle enables us to target and match our physician specialty requirements.

HEALTH PROFESSIONAL SCHOLARSHIP PROGRAM

QUESTION: I was pleased to learn that the Army has taken the lead in reinstating the Health Professional Scholarship Program for optometry. But I understand that neither the Navy nor the Air Force have acted on reinstatement for optometry. Do you have a plan, or do you intend to reinstate HPSP for optometry as a way to ameliorate the recruiting problems for optometry?

ANSWER: The Air Force has no current plan or intention to reinstate HPSP for optometry. We have been able to meet recruiting goals in recent years with the exception of FY 89 when we were 2 short of the goal. Assigned end strength of optometrists has remained above 97% of authorizations. We may consider reinstating scholarships in the future if recruiting falls short of the goal again in FY 90.

Hiring Additional Medical Support

QUESTION: For FY 1990, the Congress provided an additional $90 million to the Army, Navy and Air Force for the purpose of hiring additional medical support personnel to relieve doctors and nurses from the necessity to perform non-clinical tasks. What effect has this had on nurses' retention/job satisfaction?

ANSWER: Each of the Services received $20 million for support personnel. The Navy received an additional $30 million for other health care initiatives. For the Air Force this $20 million will provide an additional 666 civilian authorizations. It is too early to know the effect of these additional support personnel on either nurse retention or job satisfaction. Hiring action has just begun and there has not been sufficient time for the program to make an impact.

Additional Duties

QUESTION: The Committee understands that, within each of the Services, the chief nonphysician specialist (such as chief psychologist) is also tasked with additional duties. Is this the same for the various chief medical specialties? Are the various disciplines treated differently?

ANSWER: Additional duties are a means of accomplishing the myriad responsibilities levied on local facilities. They include ongoing programs, as well as recurring and one-time projects. Additional duties are assigned on the basis of the individual's ability to fulfill the requirements of the tasking with minimal disruption of their primary duties. Physicians and nonphysician health care providers are assigned additional duties equally, to the extent they do not interfere with patient care duties.

DEPARTMENT OF SOCIAL WORK

QUESTION: The Department of Defense Appropriations Act for fiscal year 1990 included instructions in the conference report for the Air Force to initiate an administratively distinct department of social work on a pilot basis. How is the Air Force implementing this?

ANSWER: The Air Force Medical Service has complied with the conference language by establishing a separate Department of Social Work at Wilford Hall USAF Medical Center, Lackland AFB, Texas. The Air Force Medical Service will further comply with the conference language by establishing a separate Department of Social Work at Malcolm Grow USAF Medical Center, Andrews AFB, Maryland. The Office of the Surgeon General will follow the conversion of these new departments through ongoing contact with the two medical centers.

BSC General Officer

QUESTION: There is an authorization for a general officer for the Air Force Biomedical Sciences Corps (BSC), but it has not been filled. The BSC comprises some 17 health-care disciplines and 2,500 officers--more than ample to warrant a general officer. Other corps within the Air Force having fewer officers have one or more general officers, and both the Army and Navy corps of nonphysician providers have general officers. Does the Air Force plan to provide for such a position?

ANSWER: The limited number of funded general officer authorizations throughout the Air Force Medical Service precludes funding the Chief of the Biomedical Sciences Corps at this time.

STATEMENT OF BRIG. GEN. CLARA L. ADAMS-ENDER, CHIEF, ARMY NURSE CORPS, DEPARTMENT OF THE ARMY

Senator INOUYE. Next, let us turn to the heads of the Nurses Corps of the three services: Brig. Gen. Clara L. Adams-Ender, Rear Adm. Mary F. Hall, and Brig. Gen. Barbara A. Goodwin.

I am certain that each of us knows this, but it took an Army nurse to phrase it succinctly: "The reason people are in hospitals is that they need nursing care." With the best doctors in the world and with the best facilities available, there would be no hospitals if it were not for their nursing staffs.

I want you to know that we honor the dedicated men and women under your command. It gives me great pleasure to welcome all of you to this subcommittee. May we first hear from the Army, General Adams-Ender.

General ADAMS-ENDER. Good afternoon, Mr. Chairman, ladies and gentlemen. Thank you for inviting us, the Military Nurse Chiefs and Director to appear before your committee again.

Your continuing concern and interest in the status of the military health care system is well known, and it is our privilege to report on the state of nursing programs within that system.

ARMY NURSING OVERVIEW

With this written testimony, I plan to present an overview of nursing, a summary of the status of Army nursing before and after receiving the initiatives, and to relate our current needs and future needs for assistance.

Several studies completed last year on the status of professional nurses in the United States today clearly demonstrate that the demand for nurses exceeds the supply at the going rate. That demand is not only fueled by identifiable and significant societal and health trends, but also by the changing attitudes of women in choosing careers and the diminishing labor force.

Nursing school enrollments did show a slight increase in the past year. Additionally, three nursing projects have been launched as advertising campaigns to increase the awareness of nursing as a challenging profession. However, these efforts are not expected to yield any increase in the total numbers of registered nurses in the near term.

The Army Nurse Corps was successful in meeting its recruitment goals in fiscal year 1989. In the Active component, we accessed a total of 524 nurses, placed 297 in the Army National Guard and 1,600 nurses in the U.S. Army Reserve.

CIVIL SERVICE REGISTERED NURSES PROBLEMATIC

Civil service registered nurses continued to be problematic in recruitment and retention, despite special salary rates, higher positional authority, and educational incentives. The civil service registered nurse employment option is simply no longer competitive in the nurse marketplace.

Our mission success for active duty in fiscal years 1990 to 1992 will be directly related to the effectiveness of the newly implemented accession bonus of $5,000 and the $6,000 incentive specialty pay for nurse anesthetists. In its 8-week inception, as of March 1, 1990, we received a total of 110 accession packets for processing; 60 percent of our active component nurse anesthetists have committed to the incentive specialty pay. This statement represents a correction of some figures previously given and will be corrected for the record.

It is anticipated that Reserve component recruiting will continue to be successful, due in part to the continued incentive programs such as loan repayment, educational stipends, and accession bonuses.

We are grateful, Mr. Chairman, to the Congress for authorization of these incentives and request that these programs be continued in the future.

ENLISTED COMMISSIONING PROGRAM

To augment the anticipated turbulence in active-duty recruitment during fiscal years 1990 to 1992, the Army Medical Department initiated the Enlisted Commissioning Program for September 1990. This program, designed to input about 125 enlisted personnel per year into baccalaureate programs in nursing, could yield its first results as early as May 1991.

In our continuing efforts to provide quality nursing care to soldiers, we are facing a serious problem with retention of Army nurses in the Active component. The retention rate for these nurses at the end of their initial obligation in fiscal year 1989 was 69 percent. This percentage is well below the desired rate of 85 percent.

In addition, continuation rates for Army nurses between 3 and 8 years of service are also showing a downward trend. There are definite signs that projected shortfalls will increase in the future if no action is taken to reverse these trends.

Evidence continues to mount that retention and continuation in the Active component is being adversely affected by better salary opportunities in the civilian sector. The special pay initiative for nurse anesthetists is expected to assist in the retention of this critical specialty.

However, there are few tangible retention incentives for the other nurse specialties that must also be retained to accomplish peacetime and mobilization missions.

PROUD TO CARE STUDY

In 1989 the Army Nurse Corps launched a survey called the proud to care study, in which 80 percent of the active duty officers responded. The results clearly show that job satisfaction and pay and benefits are the greatest contributors to retention for these nurses on active duty.

While we are able to provide these nurses with job satisfaction and challenging experiences, it was most evident from their responses to this study that they are dissatisfied with the erosion of pay and benefits now being experienced in the Army.

This is the 89th year that the Army Nurse Corps has been providing nursing care to soldiers during peace and war. We hope to continue to provide our services with the four main components of

Army nursing practice: clinical care, administration, research, and education, of which Army nurses are proud to care.

We hope to be able to continue that honorable duty for many years to come. However, we will only be able to continue to perform our mission if we are able to retain and be competitive within the nursing job market.

PREPARED STATEMENT

Thank you, Mr. Chairman, again, for the opportunity to appears before you today. I shall look forward to responding to your specific questions.

Senator INOUYE. Thank you very much.

[The statement follows:]

STATEMENT OF BRIG. GEN. CLARA L. ADAMS-ENDER

Mr. Chairman, distinguished subcommittee members, ladies and gentlemen. Thank you for inviting us, the military Nurse Chiefs and Director, to appear before your committee again. Your continuing concern for the status of military health care is well known, and it is our privilege to report on the state of nursing care within that system. With this written testimony, I plan to present an overview of nursing, a summary of the status of Army nursing before and after receiving initiatives, and to relate our current and future needs for assistance.

Several studies completed last year on the status of professional nurses in the united states today clearly demonstrate that the demand for nurses exceeds the supply at the going rate. That demand is not only fueled by identifiable and significant societal and health trends, but also by the changing attitudes of women in choosing careers and the diminishing labor force. Nursing school enrollments did show a 5.6% increase in the past year. Additionally, three nursing projects have been launched as advertising campaigns to increase the awareness of nursing as a challenging profession. However, these efforts are not expected to yield any increase in the total numbers of registered nurses in the near term.

The Army Nurse Corps was successful in meeting its recruitment goals in Fiscal Year 89. In the Active Component, we accessed a total of 524 nurses, placed 297 in the Army National Guard and 1600 nurses in the U. S. Army Reserve. Civil Service Registered Nurses continued to be problematic in recruitment and retention despite special salary rates, higher positional authority and educational incentives. The Civil Service Registered Nurse option is simply not competitive in the nurse marketplace.

Our mission success for active duty in FY 90-92 will be directly related to the effectiveness of the newly implemented Accession Bonus Program of $5,000, and the $6,000 Incentive Specialty Pay for Nurse Anesthetists. In its 8 week inception, as of 1 March 1990, we have received a total of 79 accession packets for processing. Thirty eight percent of our Active Component Nurse Anesthetists have committed to the Incentive Specialty Pay. It is anticipated that Reserve Component recruiting will continue to be successful, due in part to continued incentive programs such as loan repayment, educational stipends and accession bonuses. We are grateful, Mr. Chairman, to Congress for authorization of these incentives and request that these programs be continued in the future. To augment the anticipated turbulence in Active Duty recruitment during Fiscal Years 90-92, the Army Medical Department initiated the Enlisted Commissioning Program for September 1990. This program, designed to input about 125 enlisted personnel per year into Baccalaureate programs in nursing, could yield its first results as early as May, 1991.

In our continuing efforts to provide quality nursing care to soldiers, we are facing a serious problem with retention of Army nurses in the Active Component. The retention rate for nurses at the end of their initial obligation in FY 89 was 69%. This percentage is well below the desired rate of 85%. In addition, continuation rates for Army Nurses between three and eight years of service are also showing a downward trend. There are definite signs that projected shortfalls will increase in the future if no action is taken to reverse the trends. Evidence continues to mount that retention and continuation in the Active Component is being adversely affected by better salary opportunities in the civilian sector. The special pay incentive for Nurse Anesthetists is expected to assist in the retention of this critical specialty However, there are few tangible retention incentives for the other nurse specialties that must also be retained to accomplish peacetime and mobilization missions.

The Army Nurse Corps launched a survey called the "Proud to Care Study" in which 80% of active duty officers responded. The results clearly show that the greatest contributors to retention for these nurses on active duty are job satisfaction and pay and benefits. While we are able to provide these nurses with job satisfaction and challenging experiences, it was most evident from their responses in this study that they are dissatisfied with the erosion of pay and benefits now being experienced in the Army.

This is the 89th year that the Army Nurse Corps has been providing nursing care to soldiers. We hope to continue that honorable duty for many years to come. We will only be able to continue to perform our mission successfully if we are able to remain competitive with the nursing job market.

STATEMENT OF REAR ADM. MARY F. HALL, DIRECTOR, NAVY NURSE CORPS, DEPARTMENT OF THE NAVY

Senator INOUYE. May I now call upon Admiral Hall.

Admiral HALL. Good afternoon, Mr. Chairman and members of the subcommittee.

I want to thank you, Mr. Chairman and the members of this committee, for the support provided to military nurses with regard to the new scholarship programs, bonuses and temporary relief from DOPMA that helped enhance our retention.

I would like to address four specific topics today: retention, recruitment, our Reserves, and the practice of nursing in the Navy Nurse Corps.

RETENTION

For retention, we are faced with a serious retention problem in the Active force similar to that in the Army and the Air Force. Navy Nurse Corps continuation at the 3-year point has already dropped from 72 percent down to 65 percent in 1989.

The inability to retain qualified nurses reduces the effectiveness of our health care delivery system on a daily basis. The 1989 Center for Naval Analysis report on Navy Nurse Corps compensation shows that relative military compensation at the end of the initial obligation, which is 3 years, has declined 16 to 22 percent.

This is due largely to reduced promotion opportunities in the Navy Nurse Corps and increasing nurse compensation in the civilian sector. A reduction in promotion opportunity occurred between fiscal years 1983 and 1989 after the enactment of the Defense Officer Personnel Management Act.

Approximately 65 percent of our Nurse Corps is at the lieutenant and lieutenant commander grade, creating a slowdown in promotions and a bulge in our force structure.

Your support last year with legislation to give incentive special pays for our nurse anesthetists should help increase retention in this essential nursing specialty. Of the Navy nurse anesthetists eligible for the ISP, 85 percent have extended on active duty to receive the bonus, as of March 16. This is an update to the 77 percent listed in my statement that you have in front of you.

Further analysis of comparisons of civilian with military salaries and benefit packages is needed to determine the best incentive bonus for improving nurse retention. We are working on special pay in a triservice forum and evaluating the needs for a continuation bonus.

The Navy Nurse Corps conducted a survey in June 1989 related to retention incentives and the work environment. The survey was sent to all of our Nurse Corps officers in January 1989, with a return rate of approximately 40 percent. Among the top five reasons nurses gave for leaving the Navy were dissatisfaction with the nurse's role and higher paying nursing jobs in the civilian community.

We have over 50 retention initiatives in place, including actions to improve the work environment, increase communications, provide appropriate rewards, and recognize excellence in clinical practice.

Another area of concern is the inability to provide the opportunity for augmentation and accompanying career options for Nurse Corps officers over the age of 35. DOPMA law requires that officers be able to complete 20 years of regular commissioned service by age 55. There was no provision to allow age waivers for those on active duty at the effective date, September 1981.

In 1989, the maximum accession age for Reserve component nurses was increased, along with increased constructive entry credit based on experience.

These nurses are also not eligible for augmentation based on DOPMA law. There is limited opportunity to fully explore the increase age accession program and additional constructive credit due to officer grade strength limitations.

RECRUITMENT

On recruitment, the Navy has not met its recruitment goal for nurses in recent years due to increasing competition with the civilian job market. Recruiting results for 1989 were better than anticipated due to the establishment of many new initiatives, including the new scholarship programs which was authorized to come on line in midyear; the increased accession age to 40; constructive credit awarded for professional work experience; commissioning at graduation regardless of when coming on active duty; inclusion of nurses in the Armed Force health professions scholarship programs, which was for anesthetists; and full-time outservice training which was for anesthetists, family nurse practitioners, or critical care nurses.

All of these programs have helped. We also removed the requirement for 1 year work experience for our diploma nurses, which we access. The long-term impact of the newly approved accession bonus, our Nurse Candidate Program, and nurse NROTC have not yet been fully realized.

We do have people who have already accepted the bonus and are in the Reserve program, and are looking to implement the Nurse Candidate Program.

The recently approved Warrant Officer Technical Nurse Program will offer a career path for nurses educated at the associate degree level that have not had a naval career opportunity previously. We anticipate appointing our first technical nurse warrants by

September 1990. They will be assigned to direct patient care units at the Navy's four teaching hospitals.

RESERVES

For the Reserves, Selective Reserve nurse recruitment and retention continues to make significant strides, with 850 nurse accessions compared to an original recruiting goal of only 460 in fiscal year 1989. We have almost double the numbers accessed.

During the last session of Congress authority was provided to include non-Federal loans and medical surgical nurses in the Reserve Loan Repayment Program. This will increase use of this as a recruiting incentive.

The legislation requested last year to omit the initial commissioning and Reserve affiliation dates is still necessary in order to utilize the program as a retention as well as a recruiting initiative.

It is also of vital importance to sustain current funding levels for the Navy's Reserve Nurse Corps programs. This support allows crucial peacetime support by the Reserves in the Navy's treatment facilities as well as a ready asset in the event of unexpected mobilization requirements.

At this time I would like to express my deep appreciation for passage of legislation which allocated a flag billet for the Reserve Nurse Corps.

NURSING PRACTICE

My last subject is nursing practice. The Nurse Corps operates in a unique health care delivery system that is diverse, complex and constantly changing. Education and training for nurses and hospital corpsmen is essential to meet nursing practice requirements and maintain skills and competencies in patient care methods.

New requirements by two professional nursing specialty organizations include a master's degree for entry into practice for nurse practitioners by 1992 and a master's for nurse anesthetists by 1997. To meet these educational requirements we need your support for continued funding of our educational programs.

Expanded use of nurse midwives is being reviewed in conjunction with the review of obstetrical services and the appropriate mix of health care provider specialists needed throughout the Navy medical system.

The BUMED special project group will be making recommendations to the Surgeon General in the near future regarding effective utilization of nurse midwives in the Navy.

These are but a few of the nursing issues that must be effectively incorporated into the military health care delivery system for us to continue to meet our professional practice standards.

In summary, we have made significant progress this year, and we need your continued support to maintain that forward motion. Thank you for the opportunity to share the status of the Navy Nurse Corps with you this afternoon.

Thank you, sir.

Senator INOUYE. Thank you, Admiral.

[The statement follows:]

STATEMENT OF REAR ADM. MARY F. HALL

Good morning Mr. Chairman and members of the Subcommittee. As the Director of the Navy Nurse Corps, I am responsible to the Navy Surgeon General for the administration, direction and coordination of approximately 3000 active duty and 2000 reserve Nurse Corps officers. I want to thank you, Mr. Chairman, and members of the committee for the support provided to military nurses with regard to bonuses; Defense Officer Personnel Management Act (DOPMA) temporary relief to enhance retention; and new scholarship programs for recruitment.

The primary mission of the Navy Nurse Corps is to provide professional nursing care to and promote the health of active duty Navy and Marine Corps personnel and other beneficiaries. Accompanying this mission is the responsibility for the instruction and supervision of Hospital Corps personnel.

I would like to address four specific topics today: retention, recruitment, reserves, and the practice of nursing in the Navy Nurse Corps.

RETENTION

We are faced with a serious retention problem in the active force similar to that in the Army and Air Force. Providing quality healthcare is our number one priority and improving retention is the way to get there. The continued decline in nurse retention, especially at the end of the initial three year obligation, has far-reaching implications. The retention rate for Navy Nurse Corps for 3 or 4 year obligation dropped from 72 percent to 65 percent. Recent BUMED data indicates that there is an increase in the numbers leaving at the nine and twelve year decision points. We will continue to monitor this situation to determine if a trend is developing.

A certain number of personnel turnovers are necessary, but the economic impact of replacing experienced officers is considerable. The direct costs of replacing a single tour Navy Nurse Corps officer is estimated at between $12,000 and $20,000. In addition, the inability to retain qualified nurses reduces the effectiveness of the healthcare delivery system on a daily basis.

There is increasing disparity between compensation and benefits for military nurses as compared with professional nurses in the civilian community. The 1989 University of Texas nursing salary survey reported that nationwide salaries for civilian staff nurses increased 5-10 percent in 1989.

The Center for Naval Analysis (CNA) report on compensation in 1989 revealed that retention for officers at the end of initial obligation (three years of service) declined 16 to 22 percent. This was due largely to reduced promotion opportunity in the Navy Nurse Corps and increasing civilian nurse compensation.

In combination with experience, or longevity, promotion rates determine compensation. A reduction in promotion opportunity between FY 1983 and FY 1987, after enactment of DOPMA adversely affected Nurse Corps compensation at the same time that civilian compensation is rising. Approximately 56 percent of the Nurse Corps is at the Lieutenant and Lieutenant Commander grades creating a slow down in promotions and a bulge in force structure.

We are working on special pay for military nurses in a tri-service forum and evaluating the need for a continuation bonus for nurses reaching critical decision making marks, such as the three year point. Further analysis of comparisons of civilian with military salary and benefit packages is needed to determine the best incentive bonus for improving nurse retention.

The Center for Naval Analysis study reported that civilian nurse anesthetist compensation is rising at a steady pace creating great competition with the civilian community for individuals in this specialty. Your support last year with legislation to give Incentive Special Pay (ISP) for nurse anesthetists is helping increase retention in this essential nursing specialty. Of the Navy anesthetists eligible for the ISP, 77 percent have extended on active duty to receive the ISP (Head, BUMED Special Pays Programs (MED-5125) report of 1 Mar 90).

To evaluate reasons nurses choose to stay or leave, the Nurse Corps conducted a survey in June 1989 related to retention incentives and the work environment. The survey was sent to all Nurse Corps officers in January 1989 with a return rate of approximately 40 percent. Among the top five reasons nurses gave for leaving the Navy were dissatisfaction with the Navy nurses' role and higher paying nursing jobs in the civilian community.

There are currently over 50 initiatives in place to enhance retention efforts including actions to improve the work environment, enhance communications, provide appropriate rewards and recognition for excellence in clinical practice.

Another area of concern is the inability to provide the opportunity for augmentation, and accompanying career options for nurse corps officers over age 35. The Defense Officer Personnel Management Act (DOPMA) requires that officers be able to complete 20 years of regular commissioned service by age 55. There was no provision to allow age waivers for those on active duty at the effective date, September 1981.

In 1989, the maximum accession age for reserve component nurses was increased along with increased constructive entry credit based on experience.

These nurses are also not eligible for augmentation based on DOPMA law. There is limited opportunity to fully exploit the increased age accession program and additional constructive credit due to officer grade strength limitations.

RECRUITMENT

The civilian nurse shortage continues with the increased demand for nurses nationwide. Military salaries are increasingly less competitive with the civilian market for staff nurses, nurse anesthetists, and nurse practitioners. Over the past three years, the Navy has not met its recruitment goal for nurses. The increasingly competitive job market is one of the biggest challenges to successful military nurse recruitment.

It is encouraging to note that there has recently been an increase in enrollment in schools of nursing which may have positive long term implications for recruitment.

Due to the establishment of many initiatives, recruiting results for 1989 were better than anticipated. These include: new scholarship programs coming on line mid-year; increased numbers of nurses in recruiting; increased accession age ; constructive credit awarded for professional work experience; commissioning at graduation regardless of when coming on active duty; inclusion of nurses in the Armed Forces Health Professional Scholarship (anesthetists) and Full Time Outservice Training (anesthetists, family nurse practitioners, or critical care nurses) programs; and removal of the requirement for one year work experience for diploma graduates. The long term impact of the newly approved accession bonus, nurse candidate program, and nurse ROTC have not been fully realized.

The implementation of the recently approved Warrant Officer Technical Nurse program will offer a career path for Associate Degree educated nurses that have not had a Naval career opportunity previously. We anticipate appointing our first Nurse Warrants by September 1990. They will be assigned to direct patient care units at the Navy's four teaching hospitals.

RESERVES

Selective reserve nurse recruitment and retention continues to make significant strides with 850 nurse accessions compared to an original recruitment goal of 460 in FY 89.

The Reserve Loan Repayment program, however, continues to be underutilized with only 12 officers enrolled in the program as of January 1990. During the last session of Congress, authority was provided to include non-federal loans and medical-surgical nurses, who were once excluded from participating in this program. This will increase use of this recruitment incentive.

The legislation requested last year to omit the initial commissioning and reserve affiliation dates is still necessary in order to utilize the program as a retention, as well as a recruiting initiative.

It is also of vital importance to sustain current funding levels for the Navy's Reserve Nurse Corps programs. This support allows crucial peacetime support by the reserves in the Navy's treatment facilities as well as a ready asset in the event of unexpected mobilization requirements.

At this time I would like to express my deep appreciation for passage of legislation which allocated a flag billet for the Reserve Nurse Corps.

NURSING PRACTICE

I would like to summarize a few issues related to military nursing practice. The Nurse Corps operates in a unique healthcare delivery system that is diverse, complex, and constantly changing. The changes in nursing care requirements for patients both in the hospital and in the ambulatory care setting necessitate changes in educational preparation for nurses. Education and training for nurses and hospital corpsmen is essential to meet nursing practice requirements and maintain skills and competencies in patient care methods. A Baccalaureate Degree is recommended as the basic degree for entry into professional nursing by the American Nurses Association, National League for Nursing, American Association of Colleges of Nursing, and Association of Nurse Executives.

New requirements by two professional nursing specialty organizations include a Master's Degree for entry into practice for Nurse Practitioners by 1992 and for Nurse Anesthetists by 1997. There are many avenues to provide expanded educational opportunities: outservice formal education, in-house short courses, advanced hospital corpsmen training programs, inservice training in facilities, operational readiness training for military staff, and civilian personnel training courses as well. To meet the requirements, we need your ongoing support for continued funding for these educational programs.

Expanded use of nurse midwives is being reviewed in conjunction with the review of obstetrical services and physician specialists needed throughout the Navy medical system. Factors that need to be considered before final numbers of midwives can be decided include ability to recruit from the civilian community, cost of paying for increased numbers, capability of facilities to sustain a practice environment that is comparable to civilian, autonomy of practice, and appropriateness of military versus civilian contract OB/GYN services. A BUMED special project group is reviewing the midwife issue and will be making recommendations to the Surgeon General in the near future regarding proposals for effective utilization of nurse midwives in the Navy.

The comprehensive Nurse Corps Billet File review, completed in 1989, developed criteria for assigning qualifiers to billets, identified clinical and nonclinical position requirements, provided subspecialty codes to ease detailing, developed a career path for nurses in clinical roles, and established a force structure based on objective criteria. This billet review provides a reliable model for use in revising Nurse Corps force structure based on the mission of the medical department in the future.

These are but a few of the nursing issues that must be effectively incorporated into the military healthcare delivery system for us to continue to meet professional practice standards. The Navy Nurse Corps will establish a Task Force, Nursing 2000, this year to address these and many other issues regarding the practice of nursing.

SUMMARY

The Navy Nurse Corps is challenged in many directions and will continue with strategic planning to resolve current problems and anticipate future needs. Significant progress was made this last year. We expect to keep momentum going with a joint OSD/Service study group recently established by the Assistant Secretary of Defense for Force Management and Personnel. This

group will focus on most of the nursing issues I discussed today and will report its findings and recommendations to the Secretary of Defense. I request your continued support to provide the incentives necessary to maintain forward progress. Thank you for the opportunity to present this testimony and share the status of the Navy Nurse Corps with you this morning.

BIOGRAPHICAL SKETCH

Rear Admiral Mary F. Hall, NC, USN, was born in Clear Ridge, Pennsylvania. She graduated from Hustontown High School, Hustontown, Pennsylvania in 1952. Following high school, she received a nursing diploma from Episcopal Hospital School of Nursing, Philadelphia, Pennsylvania. She obtained her Bachelor of Science degree in Nursing from Boston University, Boston, Massachusetts in 1966 and a Master of Science degree in Nursing Service Administration from the University of Maryland, Baltimore, Maryland in 1973.

Rear Admiral Hall began her active service in 1959 as a Charge Nurse/Coordinator at the National Naval Medical Center, Bethesda, Maryland. Subsequent duty stations were Naval Hospital, St. Albans, New York; U.S. Naval Hospital, Guam, Marianas Islands; Regional Medical Center, Portsmouth, Virginia; Naval Hospital, Quantico, Virginia; Bureau of Medicine and Surgery, Department of Navy, Washington, D.C.; and Naval Regional Medical Center, Newport, Rhode Island. On July 20, 1983 Rear Admiral Hall assumed command of U.S. Naval Hospital, Guantanamo Bay, Cuba and in doing so, became the first Nurse Corps officer to be selected as a Commanding Officer of a Naval Hospital. On June 22, 1985, Rear Admiral Hall was assigned as Commanding Officer, Naval Hospital, Long Beach, California. In October 1986, Rear Admiral Hall was selected to become the sixteenth Director of Navy Nurse Corps and the Assistant Chief of Personnel Management at the Bureau of Medicine and Surgery. Rear Admiral Hall has received the following decorations and awards: Legion of Merit, Meritorious Service Medal with two gold stars, Navy Commendation Medal, Navy Unit Commendation Ribbon, and National Defense Medal.

Rear Admiral Hall holds membership in the National Association for Female Executives, Inc.; National League for Nursing; Sigma Theta Tau, National Honorary Society-Nursing; and the Association of Military Surgeons of the United States.

Rear Admiral Hall is married to Noel O. Hall. They have two sons: Noel, Jr. and David.

STATEMENT OF GEN. BARBARA A. GOODWIN, CHIEF, AIR FORCE NURSE CORPS, OFFICE OF THE SURGEON GENERAL

Senator INOUYE. General Goodwin?

General GOODWIN. Good afternoon, Mr. Chairman. It is again a privilege to have the opportunity to be here and to address issues of continuing concern in the U.S. Air Force Nurse Corps.

INCENTIVE SPECIAL PAY SUCCESSFUL

But first let me take this opportunity to thank you and the members of your staff for your full support to the incentive special pay for our nurse anesthetists and the accession bonus. These were a long time coming, but we are tremendously grateful for your efforts on our behalf.

The much-needed incentive special pay for our nurse anesthetists is making a difference in their retention. By the end of February nearly 80 percent of those eligible had signed, had applied for that special pay, which will ensure a minimum of 12 months' continued service.

While it is still too early to analyze the full impact of the accession bonus, early reports are very encouraging. The continuing nursing shortage was addressed, and clearly this impacts our efforts toward recruiting.

The Air Force must continue to attract, as our sister services, adequate numbers of qualified nurses to support our mission requirements. We have been indeed fortunate that recruiting service has met its Nurse Corps goals over the past years. At the present time, we are barely ahead of our 1989 accessions.

ATTRACTIVE INCENTIVES

The Nurse Internship Program, increased ROTC scholarships, and flight nursing are consistently attractive incentives for our Air Force nurses.

Increasing the maximum age for accessions to 47 years and expanding the constructive service credit authority have permitted us to recruit large numbers of experienced nurses as well.

Last year approximately 100 nurses over age 35 and with clinical experience joined our ranks. As well, 43 percent of our nurse accessions received constructive service credit. Nearly half of these were credited with sufficient experience to enter at grades above 01, or second lieutenant, in the Air Force.

CRITICAL NEED FOR NURSE ANESTHETISTS

Our most critical need, however, continues to be nurse anesthetists. We still anticipate a shortage of at least 30 through this fiscal year. The number joining the Air Force has steadily dropped due to spiraling civilian salaries and the decreasing number of anesthesia education programs in the civilian community.

Our recently established master's program in nurse anesthesia, a joint effort with the University of Texas in San Antonio is very popular. We enrolled 20 students last year and have selected 20 students to enter this year.

The most recent effort to increase registered nurse anesthetists is through the Health Professional Scholarship Program. We have 15 scholarships available per year in this program. It is vital that we retain these incentives, for without the skills of our nurse anesthetists, we face increased CHAMPUS costs, decreased access to our direct care systems, and a declining level of support to the men and women in uniform.

Our retention figures have, as our sister services, been declining over the past several years. Overall, we lose roughly 11 percent of our nurse force annually. We are very concerned about this and are actively pursuing initiatives to retain members.

NURSE GRADE REVIEW

The nurse grade review, completed last year resulted in an increase of 383 field grade requirements within the clinical areas. With this important change, a clinical career ladder through senior ranks will become a reality. This program is in the early implementation phase and will permit us to take full advantage of the clinical experience of our more senior members, while ensuring role models and teachers for our inexperienced staff.

This initiative will also have a positive impact on promotion and thus retention. The additional funds designated for medical support personnel by your committee in the fiscal year 1989-90 budget will enable us to hire more clinical nurses and medical technicians. Nearly 30 percent of the Air Forces positions funded by this initiative will be in these career fields.

This tangible evidence of support in improving the work environment in our facilities will go a long way toward improving morale, as well as enhancing the quality of care that we can provide.

FEDERAL COLLEGE OF NURSING CONSIDERED

The concept of a Federal college of nursing under the auspices of the Uniformed Services University of Health Sciences has been under consideration for some time. The current feasibility study task force has provided preliminary data indicating that such a program has real potential for providing a continuous source of career nurses in all of the services.

We support this concept and believe that a baccalaureate level program, if approved, would not only be beneficial for our paraprofessional personnel who are seeking higher education and a career in nursing, but it would also provide an opportunity for potential students who otherwise would be unable to pursue nursing careers.

The implementation plan will be briefed to the Board of Regents this spring, and we are anxious to see the final report and the decision of Congress on this important program.

The Reserve component, the Air National Guard and the Air Force Reserve, face many of the same recruiting and retention issues and concerns as the Active force, and we rely on their support to supplement our mission during contingencies.

As you know, sir, they played a key role in providing medical support during Operation Just Cause. In addition, last fiscal year, the Reserve forces contributed over 4,600 days for urgent manning assistance in nursing activities. To attract and retain these valuable professionals we need continued support for their Stipend Scholarship Program.

In summary, during our 40-year history Air Force nurses have overcome many challenges to achieve excellence in nursing practice, and the future holds many more.

Retention of our dedicated and experienced nursing personnel is a major priority. With your ongoing help in providing scholarship support, continuation of the incentive pay for selected specialists, and accession bonuses to assist in recruiting efforts, we can succeed and can continue to demonstrate that we are truly committed to excellence through quality health care.

Thank you again, sir, for the opportunity to address this group.

Senator INOUYE. Thank you very much, General.

[The statement follows:]

STATEMENT OF GEN. BARBARA A. GOODWIN

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE, it is again a privilege to address issues of continuing concern within Air Force nursing. On behalf of the Air Force Nurse Corps, I would like to thank the committee for your support for Incentive Special Pay (ISP) for nurse anesthetists and the accession bonus for new military nurses. It has been a long time coming and we are very grateful for your work on our behalf.

The much needed ISP program for nurse anesthetists is making a difference in retaining our nurse anesthetists. By the end of February, 77 percent of the eligible anesthetists have applied for this special pay which ensures 12 months of continued service. While it is still too early to analyze the full impact of the bonus on recruiting, early reports are encouraging.

While these financial incentives help recruiting and retention, problems remain. The broader range of career opportunities for today's young people, coupled with a small population of 18-20 year olds, contribute to the current nursing shortage which is not expected to be short-lived. Projections have indicated that this year alone, the shortage of nurses in this country will reach several hundred thousand. In response to the shortage, civilian nursing salaries and benefits have increased dramatically in many parts of the country. This situation continues to affect Air Force nursing.

There is some encouraging news. Enrollment in nursing programs showed an increase for first-time students in the 1989-90 fall semester. This reverses a five year trend of sharp decline. Although a good sign, it will not enrich the supply of nurses for several years.

RECRUITING & STAFFING

The Air Force must continue to attract adequate numbers of qualified nurses to support the Air Force mission of wartime readiness and to provide health care services for active duty members, retired members and their families.

Our authorized strength in FY90 is 5419, with 5355 on staff at the end of the 1st quarter. We anticipate continued growth through FY91 to 5515.

We have indeed been fortunate that the Air Force Recruiting Service has met its Nurse Corps goals for the last few years. At the present time, we are barely ahead of FY89 accession figures. We anticipate the accession bonus for new nurses and the Incentive Special Pay (ISP) for nurse anesthetists will help.

The Air Force Nurse Internship Program continues to be a consistently attractive recruiting incentive. Approximately 200 nurses a year complete this program at various Air Force hospitals. As a result of the program, we provide facilities with a better prepared staff nurse.

Scholarship opportunities also help to enlarge our potential applicant pool. We have again increased the number of Air Force

ROTC scholarships for nursing education this year. The option for four-year ROTC sponsorship was added last year to the existing two and three-year programs. We anticipate this will encourage qualified students to consider military nursing as a career choice.

Our most critical need continues to be certified registered nurse anesthetists (CRNAs). We still anticipate a shortage of 30 nurse anesthetists through this fiscal year. The number joining the Air Force has steadily decreased over the last several years due to spiraling civilian salaries and the decreasing number of anesthesia education programs.

These critical shortages lessen our capability to perform surgical cases at many of our smaller hospitals where we have no anesthesiologist on staff and depend on the CRNA to provide all anesthesia services under the supervision of a physician. Without the skills of the nurse anesthetist, we face increased CHAMPUS costs, decreased access to our hospitals and a declining level of support to the men and women in uniform.

Retention

Nurse Corps retention rates have been declining over the past several years. Overall, we lose roughly 11 percent of the nurse force each year. For those nurses finishing their initial obligation in FY89, 70 percent remained on active duty. For those past their initial obligation, 84 percent remained at least one additional year, during FY89. This is the lowest retention we have seen in the 80's.

We are very concerned about retention and are actively pursuing initiatives to retain Nurse Corps members. This includes the Nurse Grade Review completed last year which resulted in an increase of 383 field grade positions within clinical areas. With this change a clinical career ladder through senior ranks will become a reality. We are in the early implementation phases of this program.

We are receiving positive feedback from those whose first love is clinical nursing. This initiative will also have a positive impact on promotion and retention. This will permit us to take full advantage of the clinical experience of our more senior members while ensuring role models and teachers for inexperienced staff, a critical requirement in today's high tech health care arena.

The additional funds designated for medical support personnel in the FY90 budget will enable us to hire more clinical nurses and medical technicians. Nearly 30 percent of the Air Force positions funded by this initiative are in these career fields. This tangible evidence of support in improving the work environment in our facilities will go a long way toward improving morale as well as increasing the quality of nursing care we provide.

Other issues affecting retention are family concerns -- approximately one-third of our nurses are married to another military member. The challenge of coordinating join spouse assignments and meeting mission needs has increased. Also today's longer assignments decrease the opportunity for travel and the variety of assignment locations. This too can lead to dissatisfaction and a change in career plans.

Education & Training

The University of Texas Health Sciences Center in San Antonio, in collaboration with the Air Force began a program to award a Master of Science in Nursing Degree with a clinical specialty in nurse anesthesia. Twenty Air Force nurses entered the first class in September. The most recent initiative to increase CRNAs is through the Health Professions Scholarship Program. We now have 15 scholarships for graduate education in nurse anesthesia.

The concept of a Federal College of Nursing under the auspices of the Uniformed Services University of the Health Sciences has been under consideration for some time. A Feasibility Study Task Force is investigating this area and will brief decision makers this spring. We support this concept and believe that a baccalaureate-level program, if approved, would also be especially beneficial as an avenue for our paraprofessional personnel seeking higher education and a career in nursing. It would also provide an opportunity for potential students who otherwise would be unable to pursue nursing education. We believe the program could include unique aspects of professional nursing in the military which would contribute to the socialization and clinical expertise of its graduates. This cadre would ultimately serve as skilled practitioners within the military settings where they received their clinical practice experience and as fully functioning members of a professional and military organization already familiar to them. The implementation plan is in the final stages and will be briefed to decision makers this spring. We are anxious to see the final Task Force report and decision of the Congress on this important program.

PROMOTION OPPORTUNITIES & CAREER PROGRESSION

Recognizing the changes in health care delivery practices and the increased nursing requirements of hospitalized patients, we believe the structure of our nurse force demands increased experience levels in all areas of clinical practice.

Increasing the maximum age for accessions and expanding constructive service credit authority have permitted the Air Force Nurse Corps to recruit large numbers of experienced nurses. Last year, approximately 100 nurses over the age of 35 were able to join the Air Force.

During FY89, 43 percent of Air Force nurse accessions received constructive service credit. Nearly half of these, 23 percent of overall nurse accessions, were credited with enough experience to enter at grades above second lieutenant.

As more experienced nurses enter at advanced grades, we must monitor promotion opportunities, as well as grade table controls, within statutory parameters. The increased number of nurses who receive constructive service credit will therefore present considerable challenges to promotion planning and force management. For these reasons, we limit the accessions in field grades to CRNAs, a wartime critical specialty.

Reserve Component

The Reserve Component (Air National Guard and Air Force Reserve) also faces the same recruiting and retention issues as the active force. In addition, we rely on their support to supplement our mission during contingencies. They played a key part in providing medical support during Operation Just Cause. Last fiscal year, the Reserve Forces contributed 4,670 days for urgent manning assistance in nursing activities. To attract and retain these valuable professionals, we need continued support for the Stipend Health Professions Scholarship Reserve Service Program.

CONCLUSION

The Air Force Nurse Corps together with the rest of the Medical Service celebrated our 40th anniversary last year. We have overcome many challenges to achieve excellence in nursing practice. To maintain our position of leadership will require strength from within and ongoing support from outside of the Nurse Corps. We need your help in providing scholarship support, continuation of incentive pay for selected specialists, and accession bonuses to assist our recruiting efforts.

The future holds many challenges for military nursing. Retention of our excellent and experienced nursing personnel in the face of the continued civilian shortages and increasingly attractive benefits is a major priority.

Our patients deserve the best for they give and have given their best to their country. We cannot afford to give them less. With your continued help, the Air Force will continue to demonstrate that we are truly committed to excellence through quality health care.

RECRUITING GOALS

Senator INOUYE. Most of my questions this afternoon will refer to recruiting and retention, and so if I may begin.

General Adams-Ender, you have noted that the Army Nurse Corps was successful in meeting its recruiting goals in fiscal year 1989. What about fiscal year 1990?

General ADAMS-ENDER. At this point in time, sir, we are a bit behind where we were last year at this time. However, we think that the accession bonus may indeed be very helpful to us.

Of course, we only got that bonus approved in the last part of 1989, and so it really is just getting out to the field. I have been out in the field and saw several of the nurse recruiters who are there, and they feel confident that the recruiting will pick up as a result of being able to use the $5,000 bonus.

But right now, we are a little bit behind our glide path in that area.

Senator INOUYE. When you speak of goals, are we speaking of the gross goals or are we talking about in each specialty also?

General ADAMS-ENDER. I am talking about the gross goals. Just to fill the gross numbers that we need.

Senator INOUYE. Then am I correct to assume that there have been some shortfalls in certain specialties?

General ADAMS-ENDER. We have some shortfalls in some specialties at this point in time, yes, sir. We have some shortfalls in primarily nurse anesthetists, in pediatric nurses, and in obstetrical nurses.

Senator INOUYE. These are the most difficult to recruit?

General ADAMS-ENDER. They are very difficult to recruit.

Senator INOUYE. What is the experience in the Navy?

Admiral HALL. We have shortfalls in operating room nurses, nurse practitioners, and nurse anesthetists. And we have a number of initiatives that we are working in all of those areas.

As far as our overall recruiting, we are ahead of where we were last year.

RECRUITMENT OF NURSE ANESTHETISTS

Senator INOUYE. And the Air Force?

General GOODWIN. We are barely ahead from last year, sir. We do have problems with nurse anesthetists and right now, we will also expect problems with our ob/gyn nurse practitioners.

Senator **Inouye**. General Adams-Ender, in your statement you refer to nurse dissatisfaction with, and I quote: "The erosion of pay and benefits now being experienced in the Army."

I am not quite certain as to what you are referring to.

General **Adams-Ender**. Basically what I was referring to there, sir, is the fact that there is becoming in terms of the pay for nurses in the military a discrepancy first in the differences in the salaries that they make at most levels now, especially for the first 8 years.

And the second thing that is happening is in terms of the benefits. There are additional benefits that nurses are being able to get in the civilian sector that do indeed now become competitive with the benefits, of course, that we have been able to provide in the Army over a long period of time.

At one time we were able to be very competitive with salary and benefits because we had benefits such as we paid and low-cost insurance. We provide noncontributory health care and things of that nature that nurses were able to get, and the civilian sector did not have those kinds of benefits.

They have gotten very, very astute at putting together a pay and benefits package that really is very competitive with ours, and those nurses do indeed—the Army nurses do indeed get that kind of information and know that they are available to them now.

CIVILIAN SECTOR'S BENEFITS

Senator **Inouye**. What sort of benefits do they provide in the civilian sector that is not provided in the military?

General **Adams-Ender**. Well, it is not so much, I do not believe, the fact that they provide so many different types of benefits. It is the fact that they can provide the same ones that we can provide at this point in time.

But there are a couple of benefits that I know are different such as being able to provide for child care to a very great extent in those areas. And in many of the facilities they are beginning to provide child care on a ready basis, and also to provide for advanced degrees and things of that nature, too.

Senator **Inouye**. Because of the shortage of military nurses, all three services are dependent on hiring civilian nurses for military hospitals. I would like to ask all three of you, can the services offer salaries to these civilian nurses that are competitive in the local communities?

Admiral **Hall**. I think there are some areas in the United States where we probably are fairly close to being competitive, but when you get into areas like San Diego, Los Angeles, San Francisco, Boston—some of the big metropolitan areas, we are priced right out of the market with the differences in what is offered in the civilian market versus what is offered in the pay scales for the civil service nurses.

And we really feel that in order to be competitive, those civil service pay grades would have to be changed.

VA AUTHORITY TO VARY WAGE RATES

Senator INOUYE. The VA at the present time has the authority to vary wage rates without reference to the Office of Personnel Management, depending on the area they serve.

Would it help if the services got the same type of authority?

General GOODWIN. Very definitely, sir. Particularly, it will help us in the large metropolitan areas which is we have the greatest number of larger facilities and so the greatest number of civilian nurses, and I am sure I speak for my colleagues here.

Senator INOUYE. Has any of you requested such authority?

General ADAMS-ENDER. We have not requested that authority to this point.

Senator INOUYE. Are you requesting it now?

General ADAMS-ENDER. We are looking to request that authority, yes, sir. [Laughter.]

If I may add one other thing, Mr. Chairman, the title 38 system under which the Department of Veterans Affairs' nurses are subject to is a system that changes the classification system according to the person, and as a result of that does make it much more flexible than a system where the classification is invested in the position.

That is the key to the differences between those, in addition to being able to pay nurses more depending on where it is that they are. See, we get special salary rates. However, the salary rate only changes in relationship to the position. It does not change if the individual nurse has advanced education, has certification and other kinds of added value that that nurse brings as a person to that particular position.

Senator INOUYE. Are those added values considered in the civilian market?

General ADAMS-ENDER. Yes, sir; they are. A nurse can indeed bargain and negotiate for a particular salary based upon the numbers of those kinds of added incentives that they bring to a particular job.

ENLISTED COMMISSIONING PROGRAM PAYBACK

Senator INOUYE. General Adams-Ender, you have described the Enlisted Commissioning Program, which is scheduled to begin in September 1990. What is the payback period for this?

General ADAMS-ENDER. The payback period is 2 years for every one that we provide the education. For example, they are going to be going into a program and can take up to 2 years to complete their nursing degree. They will then have a payback period of 4 years.

Senator INOUYE. The other services, do you have the same program?

Admiral HALL. We have had our Medical Enlisted Commissioning Program for a number of years and we expanded that last year so that we will keep 150 students in the training program at all times, and it is a very, very successful program.

Senator INOUYE. And the payback period is the same?

Admiral HALL. Yes.

AIRMEN COMMISSIONING EDUCATIONAL PROGRAM

General **Goodwin**. We do not have that program, sir. Right now we are looking at, in the early implementation, phases of a pilot study where we will look at sending our enlisted personnel for an associate degree in nursing and utilize them as a technical nurse.

The Air Force is at this time looking at the feasibility of reinstituting the Airmen Commissioning Educational Program. They have that program, but they are looking at that as a medical opportunity again. We do not know what the final outcome will be.

That would be the only similar program that would be available.

Senator **Inouye**. Admiral Hall, in your statement you mention that between fiscal year 1983 and 1987 because of DOPMA regulations you had reduced promotion opportunities.

Have these regulations been changed to correct this?

Admiral **Hall**. No, sir; not to my knowledge. We did get some temporary relief to allow us to promote some more lieutenants and lieutenant commanders, but we are still operating under the DOPMA regulations. It covers all three nurse corps.

REASONS NURSES LEAVE THE MILITARY

Senator **Inouye**. I will call upon Secretary Mendez to tell us how we can improve that. He is smiling.

Admiral Hall, in your prepared statement you refer to the results of a survey that the Navy took in 1989 related to retention, and you state that among the top five reasons nurses gave for leaving were dissatisfaction with the nurse's role and higher paying civilian nursing jobs.

What were the other causes of dissatisfaction?

Admiral **Hall**. The top five reasons were that they were not satisfied with the Navy nurse's role; end of obligation, where they were allowed to get out; family and Navy responsibilities not compatible; retirement at 20 years; and higher paying nursing jobs elsewhere.

Senator **Inouye**. What have you done to address these concerns?

Admiral **Hall**. I think our greatest concern was where they were not satisfied with the Navy nurse's role. That is where we concentrated and put all of our initiatives to really look at that. We have 54 initiatives that really cover that.

It also impacts on end of obligation. We targeted a lot of that as to why they wanted to leave at the end of 3 years, why would they not stay.

I think a lot of it for the family incompatibility with the Navy took some counseling, it took some changes in our detailing policies, it took additional support systems to try to help these individuals work through. If the husband is deployed overseas, they have three small children and the mother becomes ill, it makes it very difficult for them to handle that.

Retirement at age 20, in selected cases we went back and asked those individuals because they are highly skilled professionals to consider not retiring, although they come back and tell us that the last reason is the reason why they are going. They have achieved their retirement, and now they want one of those higher paying civilian jobs.

IMPACT OF WARRANT OFFICERS

Senator **Inouye**. Do you believe that your warrant officer program will help in the recruiting and retention shortfalls?

Admiral **Hall**. I think it will assist the associate degree nurse to have an entry into and serve in the military. I think we have to continue with all of our other officer programs so that we meet both levels of requirement because we have both a need for the technical and the professional level in health care.

NURSES' RETENTION RATE

Senator **Inouye**. If I may ask, General Goodwin, am I correct that the Air Force has the highest retention rate for nurses of the three services?

General **Goodwin**. It is very similar to the others. We are a little higher perhaps at the 3-year point, but we do dwindle down at the 10- or 11-year point, sir. Over all, our continuation rate is up in the 80 percentile.

Senator **Inouye**. How does that compare with the Army and Navy? The Army and Navy are lower, are they not?

Admiral **Hall**. Our continuation rates have continued to drop. If you like, we can provide that written information.

General **Goodwin**. I would be happy to submit in writing, sir. I do not have the exact number, but I can certainly get it for you.

[The information follows:]

Based on the Health Professionals Special Pays study data, it appears that nurse retention at the end of obligated service in the Air Force is similar to the Navy and somewhat higher than the Army for 1988.

HIRING CLERICAL SUPPORT

Senator **Inouye**. General Goodwin, in your statement you noted that some of the moneys to hire medical support personnel would be used to hire clinical nurses and medical technicians.

Do you know if any of the money is being used to hire clerical and administrative staff?

General **Goodwin**. I am sure that it will. I do not have a breakdown of how each of that will be done. Those authorizations or allocations will be going out to our major commands, who will allocate them to their facilities based on their requirements.

Senator **Inouye**. I have been told by countless numbers of nurses and doctors that that is where the shortage is, that they find themselves carrying out responsibilities that are not cost effective, doing their typing and clerical work when they could be providing professional services.

I hope the day will come when we will be able to provide all the necessary support personnel.

General **Goodwin**. We certainly hope that with this initiative that in addition to these nursing personnel some of the support people will also go on nursing units and in the clinics where our physicians will be working with the nursing staff, sir.

PATIENTS' VIEW ON QUALITY OF SERVICE

Senator INOUYE. General Goodwin, last year when you appeared before this subcommittee I asked about patients' views on quality of service in medical hospitals, military hospitals, and you replied that once they got into the system their reactions were all positive. Their complaints focused on access to the system.

Have we improved the access to the system?

General GOODWIN. We have initiatives in place right now, sir. The basis of them and the fundamental reason for them is to improve the access. I do not have specific numbers, but I believe some of the ambulatory service initiatives have improved access. There are initiatives in any number of areas, from improving the appointment system to those kinds of things. We feel that we are doing better there. We are not there yet, certainly, but we are working on it.

I can provide more information for you, sir, if you would like that.

Senator INOUYE. As one who has spent more than 2 years in military hospitals, having received the bountiful services of nurses throughout these months, I wish to thank all of you and thank all of them through you. May I assure you that we will continue to do our best to make certain that nurses are considered as professionals, as they should be, and paid accordingly and given the proper benefits.

ADDITIONAL COMMITTEE QUESTIONS

With that, I thank you very much.

The balance of the questions will be submitted for your response.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED TO THE ARMY BY SENATOR INOUYE

NURSE ANESTHETISTS

QUESTION. As you are aware, this Subcommittee took an active part in assuring special bonuses for Certified Registered Nurse Anesthetists (CRNAs), a nurse specialty in very short supply. May I address these questions to each of you. Have you qualified Certified Registered Nurse Anesthetists received their incentive pay for FY 1990? Have the checks actually been issued?

ANSWER. Yes, payment was made as soon as the officers were enrolled during March 1990 timeframe.

QUESTION. How many and what percentage of all your CRNAs were qualified for the bonus in FY 1990?

ANSWER. 248 CRNAs were eligible for the bonus in FY 90, this represents 97% of the current CRNAs on active duty. Nine officers were considered not eligible or did not meet criteria established for the bonus. Reasons for ineligibility include approved retirement date, approved separation date, mandatory retirement date or current assignment in long term civilian training thereby rendering the officers ineligible to meet clinical practice requirement.

QUESTION. How many who were qualified turned it down because they planned to get out of the Service?

ANSWER. 22 of the eligible CRNAs, or 9% did not elect to apply for the bonus due to planned separation from the service.

QUESTION. In what group of CRNAs-grouped by longevity-did the $6,000 bonus seem to make the most difference in retention?

ANSWER. Approximately 121 CRNAs are obligated officer due to:

-- Overseas service obligation
-- PCS obligation
-- Initial term obligation
-- School payback obligation

Of the remaining eligible CRNAs (103 officers), 70% signed up for the bonus to date, the remaining 30% have not signed up. Reported reasons are "still not sure of career plans", some are vulnerable for move and may "wait to see what assignments are offered" and finally some seem to be from facilities which have not responded to the bonus option as yet. In other words, this group of officers may have paperwork en route, indicating sign up for the bonus.

Early assessment indicates that the bonus has made a difference in 70% of those officers in a non-obligated status.

QUESTION. It may be a little too soon to be asking this question, but could you tell us if you have any indications that the bonus is an effective retention tool?

ANSWER. 70% of the CRNAs eligible have accepted an additional service obligation by signing up for the bonus. That percentage is significant. However, attrition rates must be analyzed over the next several years to fully answer this question.

QUESTION. If you are preparing approximately 40 nurse anesthetists annually and requiring a six-year payback, based on your authorizations, how many spaces do you have left for senior experienced CRNAs in grades of 0-4, 0-5 and 0-6 who remain in because they want to remain in service as career officers?

ANSWER.

Grade	Auth	Assgd	Vacancies	Opt to Remain Not Obligated
0-6	24	5	19	100%
0-5	39	34	5	60%
0-4	82	120	0	68%

QUESTION. What retention rate are you aiming at from each class of graduates, or from those you recruit?

ANSWER. The ideal retention rate after initial obligation for all Army Nurse Corps officers is 85%.

QUESTION SUBMITTED TO THE ARMY BY SENATOR BYRD

SHORTAGES OF NURSES

QUESTION. A number of initiatives have been put into place to help the services deal with the "nursing crunch". These include increasing pay, providing bonuses, and liberalizing lateral hirings from the civilian sector. Nevertheless, there continues to be shortages in certain specializations. Moreover, the services have been accused of overemphasizing the recruiting of nurses while paying inadequate attention to retaining nurses. What is being done to retain qualified nurses, and what long-term initiatives show promise as a viable means of addressing the problem of nursing shortages?

ANSWER. Several efforts are underway to assist with retention of nurses:

- Increased selection rate for conditional voluntary indefinite status
- Higher rates for definite term extension
- Liberalized assignment preference policy
- Continuation of ANC professional education programs
- Investigation of specialty pay for other nurse populations
- Proposal for retention pay for all nurses
- Consideration of change in civilian pay structure from Title 5 United States Code to Title 38 United States Code thereby providing regionally competitive salary for civilian nurses and improving civilian nurse shortfall which compounds the military nurse shortage

The last three items stated above are the most critically needed for retention as indicated by surveys, interviews and retention behavior. Congressional assistance is needed to accomplish these ends.

QUESTIONS SUBMITTED TO THE NAVY BY SENATOR INOUYE

RETENTION OF NURSES

QUESTION: Admiral Hall, in your personal opinion, if Navy nurses were satisfied with their roles -- if, for example, they achieved appropriate recognition for their services and if the,work environment were improved -- would pay be such a contentious issue?

ANSWER: Even if Navy nurses achieved appropriate recognition for their services and if the work environment was improved - pay would still be an issue. Professional nurses contributions, expertise, and educational preparation qualify them for comparable pay, benefits, and promotions as other naval officers.

RECRUITING

Admiral Hall, the Navy apparently has a significantly harder time recruiting nurses than the other two services.

QUESTION: What factors have contributed to this difficulty in recruiting? Why has the Navy had more trouble recruiting than the other Services?

ANSWER: Prior to 1986, Navy was meeting recruiting goals and little attention was given to possibly not being able to meet goals in coming years. There was a lack of consistent recruitment initiatives - programs "off and on." Additionally, we are trying to play "catch-up" with scholarship programs, accession bonuses, and expanded recruiting activities. However, nurse recruiting is up this year compared to last year, with 250 percent more candidates accessed or being considered than at the same time last year.

Nurse Anesthetists

QUESTION: As you are aware, this Subcommittee took an active part in assuring special bonuses for Certified Registered Nurse Anesthetists (CRNAs), a nurse specialty in very short supply. May I address these questions to each of you. Have the qualified Certified Registered Nurse Anesthetists received their incentive pay for fiscal year 1990? Have the checks actually been issued?

ANSWER: The CRNAs have received their bonus checks for fiscal year 1990.

QUESTION: How many and what percent of all your CRNAs were qualified for the bonus in fiscal year 1990?

ANSWER: 113 CRNAs were qualified which is 99 percent of our CRNA inventory.

QUESTION: How many who were qualified turned it down because they planned to get out of the Service?

ANSWER: 15 CRNAs have not accepted the bonus. 12 are getting out of the Navy and we are still waiting to hear from 3.

QUESTION: In what group of CRNAs -- grouped by longevity -- did the $6000.00 bonus seem to make the most difference in retention?

ANSWER: CRNAs with less than 15 years total federal service have participated at a 96 percent rate while those with 15 to 20 years of federal service participated at a 87 percent rate. Retirement eligible CRNAs have participated at a 46 percent rate.

QUESTION: It may be too soon to be asking this question, but could you tell us if you have any indications that the bonus is an effective retention tool?

ANSWER: An overall participation rate of 87 percent is encouraging. Anecdotally, the CRNA specialty advisor is aware of several anesthetists who decided to remain on active duty as a result of the bonus. This may be more because of the recognition of the need to retain CRNAs than the outright size of the bonus. The effect of this bonus on recruiting is not known at this time. We anticipate a positive effect on both recruiting and training.

CLINICAL CAREER PATH FOR NURSES

Admiral Hall, as you know, this Subcommittee has been concerned that too many healthcare professionals are involved in administration instead of the hands-on care for which they are trained. I was interested that you are establishing a career path for clinical nurses.

QUESTION: Could you give us some details of the program? Has this program actually started?

ANSWER: The program covers all specialties including medical-surgical nurses, ambulatory care nurses, and other nurses in other clinical track specialties. Career paths for all clinical specialties have been in place for years and are expanding.

QUESTION: Has the Navy made a commitment to provide sufficient promotion opportunities to those nurses who choose a clinical career path? Do you believe that establishing this new career path might improve retention?

ANSWER: Yes. The program has been in place for many years and is being expanded. The description of billets in 1989 Navy Nurse Corps billet alignment project identifies positions at division officer and department head level at higher rank than previously. We are providing an expanded career path for those individuals pursuing a clinical career path in the following areas: operating room, critical care, clinical nurse specialists, emergency room and trauma nurses billet descriptions.

QUESTION SUBMITTED TO THE NAVY BY SENATOR BYRD

SHORTAGES OF NURSES

QUESTION: A number of initiatives have been put into place to help the services deal with the "nursing crunch." These include increasing pay, providing bonuses, and liberalizing lateral hirings from the civilian sector. Nevertheless, there continue to be shortages in certain specializations. Moreover, the services have been accused of overemphasizing the recruiting of nurses while paying inadequate attention to retaining nurses. What is being done to retain qualified nurses, and what long-term initiatives show promise as a viable means of addressing the problem of nursing shortages?

ANSWER: There are over 54 initiatives implemented from 1987 through the present addressing Nurse Corps retention designed to: improve communication, improve personal and professional satisfaction, enhance professional development, and increase continuing education opportunities. In 1988, we established a Nurse Corps retention and recruitment task force to address these issues. Some additional follow-up initiatives are in place to enhance retention such as : Navy Nurse Corps Leader's Conference in 1989 and 1990, and facility visits by the Director, Nurse Corps.

QUESTIONS SUBMITTED TO THE AIR FORCE BY SENATOR INOUYE

Recruiting and Retention

QUESTION: You note that the Air Force has met its nurse recruiting goals for the last few years. If this is true, why does the Air Force need to offer an accession bonus?

ANSWER: We have worked diligently to achieve overall nurse corps accession goals and have succeeded. However, we did not fill all specialist goals; i.e., Certified Registered Nurse Anesthetist, Midwife, Nurse Practitioner. It is essential that we offer an accession bonus if we are to compete for a scarce resource, not only among civilian institutions, but also with other uniformed services. As the demand for nursing services continues to multiply, the benefits packages, including salaries and bonuses, also escalate. The military services provide many unique opportunities. Without comparable salaries, however, many individuals would not choose military service.

QUESTION: The Air Force has the highest retention rate for nurses of the three Services. Do you foresee that the Air Force will need retention bonuses, other than those already existing for Nurse Anesthetists, in the near future?

ANSWER: At the present time we do not foresee a need for retention bonuses beyond those required for nurse anesthetists, but we are continuing to pursue other initiatives that we believe will have a positive impact on retention. Of most concern to us is the nurse who, after 10 years of service, decides to leave - often because of low promotion opportunity to the grade of major. We cannot afford to lose the talents and experience of this group. The recently completed grade requirements review for inpatient clinical areas and the development of a clinical career ladder are two examples of initiatives aimed specifically at these experienced nurses. We will closely monitor these and other changes to evaluate their impact on promotion opportunity and retention. However, additional measures may be necessary to encourage nurses to make a commitment beyond the 10-year point.

NURSE ANESTHETISTS

QUESTION: Have the qualified Certified Registered Nurse Anesthetists received their incentive pay for FY 1990? Have the checks actually been issued?

ANSWER: Yes, the Air Force Military Personnel Center has approved 196 contracts for payment and individuals have received their incentive pay. There are 4 contracts still pending.

QUESTION: How many and what percent of all your Certified Registered Nurse Anesthetists (CRNAs) were qualified for the bonus in FY 1990?

ANSWER: 222 of our 234 CRNAs, or 94.8 percent, qualified for the bonus in FY 1990.

QUESTION: How many who were qualified turned it down because they planned to get out of the Service?

ANSWER: To date only four individuals have declined the bonus. We would, therefore, assume that those individuals are planning to separate. Eighteen other individuals who have dates of separation in FY 1990 have not responded and we assume these individuals also plan to get out of the Air Force.

QUESTION: In what group of CRNAs - grouped by longevity - did the $6000 bonus seem to make the most difference in retention?

ANSWER: It's too early to evaluate the effect of the bonus on retention; however, the highest acceptance rate for Incentive Special Pay contracts was in the group with 10 to 20 years active duty.

Years of Service	0-10	10-15	15-20	20+
Acceptance Rate	82%	90%	94%	71%

QUESTION: It may be a little too soon to be asking this question, but could you tell us if you have any indications that the bonus is an effective retention tool?

ANSWER: Although too early to measure the exact impact, the fact that over 88 percent of Air Force Certified Registered Nurse Anesthetists (CRNA) accepted Incentive Special Pay (ISP) is, in itself, a strong indication that the ISP is being well received. Seventy-four percent of those who accepted ISP chose a two-year contract, over a one-year contract. Another positive indicator the ISP is improving retention, at least for 24 months. One hundred and twenty of 196 individuals who accepted ISP extended beyond their existing commitments. Continuation of ISP beyond FY 1991 is essential to maintain and increase retention rates of CRNAs.

QUESTION SUBMITTED TO THE AIR FORCE BY SENATOR BYRD

Shortages of Nurses

QUESTION: A number of initiatives have been put into place to help the Services deal with the "nursing crunch". These include increasing pay, providing bonuses, and liberalizing lateral hirings from the civilian sector. Nevertheless, there continue to be shortages in certain specializations. Moreover, the Services have been accused of overemphasizing the recruiting of nurses while paying inadequate attention to retaining nurses. What is being done to retain qualified nurses, and what long-term initiatives show promise as a viable means of addressing the problem of the nursing shortage?

ANSWER: We see equitable promotion opportunity as the key to retaining Nurse Corps officers and have undertaken several initiatives. For example, an extensive review of requirements for clinically experienced nurses was completed for a portion of the inpatient areas. The results clearly indicated that existing field grade requirements are understated. Continuing support from the Air Force personnel community should improve the promotion outlook. A clinical career ladder to senior grades is being developed. A Selective Continuation Board for captains convened to retain eligible, experienced captains on active duty who have been twice passed over for promotion to major. Other retention initiatives include the move to graduate level education programs for specialists in nurse anesthesia and nurse midwifery, and the implementation in 1990 of the incentive special pay for nurse anesthetists. Several long-term initiatives are underway to attract young people to the nursing profession. These include: Increases in Air Force ROTC scholarships for nursing students, the study to determine the feasibility of starting a Uniformed Services School of Nursing, and opening the Health Professionals Scholarship Program to nurses. All of these are aimed at increasing the number of students entering the profession.

STATEMENT OF LT. COL. DOUGLAS R. BEIRNE, PODIATRY CONSULTANT TO THE SURGEON GENERAL, DEPARTMENT OF THE ARMY

NONPHYSICIAN MILITARY HEALTH CARE PROFESSIONALS

Senator INOUYE. Last year we began a practice which we plan to continue of having as witnesses some of the nonphysician military health care professionals. Last year we had an optometrist testifying before us. It gives me special pleasure to welcome as our last witness this afternoon Lt. Col. Douglas R. Beirne, the podiatry consultant to the Surgeon General of the Army.

Dr. Beirne, it is always good to see you, sir. My wife sends her best to you.

Colonel BEIRNE. Mr. Chairman, members of the subcommittee, my name is Lt. Col. Douglas R. Beirne, podiatry consultant to the Surgeon General, Department of the Army. I am stationed at Walter Reed Army Medical Center. I am pleased and honored to be here.

Appreciating the busy agenda of the subcommittee, Mr. Chairman, I have supplied a detailed statement for the record, and my oral testimony this afternoon will summarize that statement and highlight its major points.

MILITARY PODIATRY MEDICINE

The military podiatrist's academic and clinical training are similar to that of doctors of medicine in osteopathy; however, the podiatrist has a much more extensive orientation of the lower extremities. The podiatrist's doctoral training must focus on academic, clinical, anatomical, medical, and surgical sciences.

Recently there have been two major DOD-inspired developments which have a tremendous effect on patient care and career development within podiatric medicine. The first is the development and implementation last year of six podiatric medical postdoctoral residency training programs in the military, four in the U.S. Army and two in the U.S. Navy.

These residencies were directed by H. Rept. 99-81. These programs offer great potential for improved medical surgical services for our military personnel and their dependents. A surgical residency is now required per Department of the Army Circular 601-89-3 prior to entrance to active duty as a podiatrist.

WARTIME ROLE FOR PODIATRIC MEDICINE

The second development involves the recent Army decision to include podiatric medicine within the Department's manpower requirements criteria [MARC]. This December 1989 policy change in Army Regulation 570-2 essentially states that podiatric medicine has a wartime role to play in caring for soldiers for the theater of operation.

When one considers the extent of wartime injuries which impact on the musculoskeletal system including the lower extremities, this Department of the Army decision is a most welcome one. During operations directed by the national command authorities, the highly skilled military podiatric foot surgeon could be effectively employed within the scope of his licensure as well as using these skills as first assistant to orthopedic and general surgeons in providing care for injured patients.

Commissioned podiatry officers now participate in Department of Defense combat casualty care course, or ATLS. Today I will discuss three concerns which include the need for: First, compensation for podiatrists; second, the need to address the serious student loan indebtedness program, a problem among our pcdiatric officers; and third, the desirability of taking further advantage of the podiatrist's role during wartime.

COMPENSATION

There is a military/civilian pay disparity among podiatrists. This disparity has been a factor in the loss of podiatrists at the end of their initial service obligations. In 1986 the net income, according to Podiatric Management Journal, of a newly licensed civilian podiatrist with less than 4 years' experience was $40,000. Applying the increases in wages as computed by ECI resulted in a 1988 income of $42,756. The pay and full benefits of a military podiatrist in the 03, or captain grade, with 2 years' service is $32,841. This is $9,915 less than the civilian counterpart.

In 1986 the medium net income earned within 6 years of starting practice for civilian podiatrists in independent practice, partnerships, corporations, and HMO's was $63,000. In 1988 medium net earnings were reported at $90,250. The pay of the military podiatrist in grade 04 with full pay and allowances with 10 years' service is $44,575. This is $45,675 less than a civilian counterpart.

These pay discrepancies are not an incentive for podiatrists to pursue military careers.

STUDENT LOAN INDEBTEDNESS

One of the most pressing problems encountered by young military podiatrists is the staggering educational loan indebtedness which they are saddled with. Podiatrists who enter the military receive a 3-year loan repayment deferment. Payment of these debts, including interest which is accrued during the deferment period, must begin after the 3-year deferment expires. In preparation for the hearing, Mr. Chairman, I contacted 17 of our young officers and learned that among them the average debt was $69,747.

UTILIZATION POTENTIAL

I am hopeful that recent developments in the military, the advent of residency training programs, and the entry of podiatric medicine in the DOD's manpower requirements criteria, including participating in combat casualty care corps for a wartime scenario, signal change.

The professional training, medical, and surgical experience of practicing podiatrists provide a potentially valuable manpower resource in the event of a medical emergency or disaster.

I should respectfully add, Mr. Chairman, that the podiatrist utilization potential is directly related to the doctor's own credentials and experience. To maximize that potential, the podiatrist must be residency trained and board certified as a minimum. He must be granted incentives, or the skilled foot surgeon will not be attracted to military service. If he is, statistics reveal that the podiatrist will not remain on active duty beyond his or her initial obligated tour.

CONCLUSION

This completes my formal testimony, Mr. Chairman, and may I conclude by extending my appreciation to both the Surgeon General and the Chief Medical Service Corps for their cooperation in encouraging my appearance here today. With their cooperation, the military environment for podiatrists is improving. Our mutual goal is to ensure improved quality foot care for our military personnel and their family members.

Thank you, Mr. Chairman and members of the subcommittee, for your attentiveness. I will be pleased to respond to any questions you might have.

[The statement follows:]

STATEMENT OF LT. COL. DOUGLAS R. BEIRNE

Mr. Chairman, Members of the Subcommittee, I am Lieutenant Colonel Douglas R. Beirne, Podiatry consultant to the Surgeon General, Department of the Army. I am stationed at Walter Reed Army Medical center. I am pleased and honored to be here. My testimony today serves three purposes: (1) Provide an overview about the profession of podiatric medicine; (2) acquaint the subcommittee with the role of podiatric medicine in the federal services and; (3) cite specific areas in which that role could be enhanced to serve the needs of our military personnel and their dependents.

PODIATRIC MEDICINE—AN OVERVIEW

The podiatrist is a health care provider. He is credentialed according to qualifications, experience and board certification.

There are more than 12,000 practicing doctors of podiatric medicine in the United States. The skills of the podiatrist are in increasing demand because foot disorders are among the most widespread and neglected health problems affecting people of this country. In 1984, there were approximately 40 million patient visits to podiatrist's offices. Podiatrists are licensed in all 50 states, the District of Columbia, and Puerto Rico to treat the foot medically and surgically. In addition to private practice, podiatrists serve on the staffs of hospitals and long term care facilities accredited by either the Joint Commission of Accreditation of Health Care Organizations or the American Osteopathic Association. They are commissioned officers in the Armed Forces and the U.S. Public Health Service. Podiatrists are in the Department of Veterans Affairs, and in municipal health departments. Increasing numbers of podiatrists participate in group medical practice, HMO's and PPO's.

In its continuing efforts to protect and improve the public's health and welfare, the American Podiatric Medical Association has recognized and approved specialty boards in podiatric surgery, podiatric orthopedics, and podiatric public health. Board certification is conferred on a podiatric practitioner who has satisfactorily passed comprehensive written and oral examination and who has demonstrated knowledge and experience in his chosen specialty.

PODIATRIC MEDICINE IN FEDERAL SERVICE

The growth in numbers among podiatrists in Federal Service has been most impressive since the mid to late 1970's when two important developments occurred. First, the Veterans Omnibus Health Care Act of 1976 launched an expanded VA podiatry program. By granting VA podiatrists Department of Medicine and Surgery classification and compensation benefits, the new law strengthened the VA's foot health services. Presently more than 200 doctors of podiatric medicine, compared to 35 in 1976, serve the VA in a full-time, part-time, or consultant capacity. Additionally, the VA sponsors 45 postdoctoral podiatric medical and surgical residency programs with 145 residents, which are administered and coordinated by the VA central Office Podiatry Service, also established in 1976.

In 1978, the U.S. Public Health Service authorized the commissioning of podiatry officers. Today commissioned podiatry officers serve in the Indian Health Service and related Federal health service programs. Also, a variety of civilian podiatrists serve as consultants to these and other Federal health programs.

Since the early 1950's, podiatrists have been commissioned to serve in the various branches of the military service, U.S. Army, Navy, and the Air Force. Assigned to the orthopedic service at most military medical installations, commissioned podiatry officers render invaluable service to military personnel and their family members.

MILITARY PODIATRIC MEDICINE

Although doctors of podiatric medicine are proud of the role they have played and continue to play in all branches of military service, they feel that they have been underutilized. During a national emergency, the highly skilled podiatric foot surgeon could be effectively employed within the scope of his licensure, as well as using these skills as first assistant to orthopedic or general surgeons in providing care for injured patients. Though doctors of podiatric medicine seek nothing more than a profound proficiency in dealing with foot and ankle disease and injury, the podiatric foot surgeon offers an untapped potential for rendering needed medical and surgical care during operations directed by the National Command Authorities. The podiatrist's academic and clinical training are similar to that of doctors of medicine and osteopathy; however, the podiatrist has a much more extensive orientation to the lower extremities. The podiatrist's doctoral training must focus on academic, clinical anatomical, medical and surgical sciences. Podiatrists could potentially play a role during a war as a functional member of the surgical team. Using podiatric surgical skills in an innovative way, could help alleviate the shortage of surgical skills needed during wartime.

Recently, there have been two major DOD-inspired developments which will have a tremendous effect on patient care and career development within podiatric medicine: The development and implementation last year of six podiatric medical post doctoral residency programs in the military, four in the U.S. Army and two in the U.S. Navy.

These programs, offer great potential for improved medical-surgical services for our military personnel and their family members. Podiatric research will continue with emphasis on patient care. The second development involves the recent Army decision to include podiatric medicine within the department's Manpower Requirements Criteria (MARC) This December 1989 policy change essentially states that podiatric medicine has a wartime role to play in caring for soldiers in a theater of operations.

When one considers the extent of wartime injuries which impact on the musculoskeletal system, including the lower extremities, this Department of the Army decision is a most welcome one. It is also important to note that commissioned podiatry officers now participate in the Department of Defense Combat Casualty Care Course.

As noted, Mr. Chairman, podiatric medicine applauds these recent developments and feels they will accrue to the advantage of our military personnel, as well as that of doctors of podiatric medicine. This is only the beginning. We need to do more if we earnestly want to recruit and retain podiatrists of high quality in the military service today.

Today, I will discuss three concerns which include the need for: (1) Compensation for podiatrists; (2) the need to address the serious student loan indebtedness problem among our podiatric officers; and (3) the desirability of taking further advantage of the podiatrist's role during wartime.

COMPENSATION

There is a military, civilian pay disparity among podiatrists. This disparity has been a factor in the loss of podiatrists at the end of their initial service obligations. In 1986, the net income of a newly licensed civilian podiatrist with less than four years experience was $35,000. Applying the increases in wages as computed by the ECI results in a 1988 income of $37,493. The pay of a military podiatrist in the 03 grade with two years service is $32,841, which is $4,672 less than his civilian counterpart. This pay discrepancy, too, has not been an incentive for podiatrists to pursue military careers.

STUDENT LOAN INDEBTEDNESS

One of the most pressing problems encountered by young military podiatrists is the staggering educational loan indebtedness with which they are saddled. Though podiatrists entering the military receive a three year loan repayment deferment, payback of those debts, including interest which had accrued during the deferment period, must begin after that three year deferment expires. The average educational debt for a young podiatrist, between $70,000-$80,000, requires resources beyond that of a captain's salary to repay. One major reason military podiatrists leave the service after their initial obligation is to increase their income so that they can repay student loans.

In preparation for this hearing, Mr. Chairman, I contacted seventeen of our young officers (captains) and learned that among them a staggering $1,184,000 indebtedness existed. That results in an average debt of $69,747 for each doctor. It is thus not surprising that each of the seventeen doctors plans to depart military service after his initial tour of duty is completed.

UTILIZATION POTENTIAL

I am hopeful that recent developments in the military, the advent of residency programs and the entry of podiatric medicine into DOD's Manpower Requirements Criteria (including participation in Combat Casualty Care courses) for a Wartime Scenario, signal a change. Though an expanded medical surgical role is not something the profession actively seeks, it is one which podiatrists could ably undertake in a combat environment. The professional training and medical and surgical experience of practicing podiatrists throughout the nation provide a potentially valuable manpower resource in the event of a medical emergency or disaster. Each of the colleges provides instruction in the recognition and management of common medical emergencies which may confront the podiatrist in an office or hospital environment. Obviously, emphasis is placed on the management and diagnosis of trauma to the lower extremities, particularly regarding those injuries affecting the foot and ankle. Podiatrists who have completed a course of study leading to the degree of Doctor of Podiatric Medicine, and particularly those with postdoctoral residency experience and board certification, have acquired a number of skills which could be extremely useful in a medical emergency. Some of these skills conceivably could be employed in emergency situations not involving the lower extremity when no other physician skilled in emergency treatment is available. A partial but representative list of several skills that podiatrists frequently have acquired include:

—The ability to intubate a patient.
—The ability to perform an emergency cricothyroidotomy.
—The ability to induce local anesthesia and perform peripheral nerve blocks.
—The ability and legal authority to use narcotics and other analgesics via parenteral and oral routes.
—A knowledge of the indications for using drugs required in emergencies, especially those encountered as a result of the administration of drugs and/or the performance of surgery.
—The ability to apply long and short leg casts.
—The ability to read and interpret x-rays of the lower extremities.
—The ability to surgically debride wounds with anesthesia.
—The ability to remove foreign bodies from soft tissue.
—The ability to suture deep and superficial wounds including those affecting all layers of skin, subcutaneous tissue, muscle, and tendons.
—The ability to recognize the onset of a variety of medical complications (respiratory failure, coronary insufficiency, embolus of femoral artery, etc.).

I should respectfully add, Mr. Chairman, that the podiatrist's utilization potential is directly related to the doctor's own credentials and experience. To maximize that potential, the podiatrist must be residency trained and board certified, as a minimum. Additionally, he must also be granted other incentives or the skilled foot surgeon will not be attracted to military service. Or, if he is, statistics reveal that the podiatrist will not remain on active duty beyond his or her initial obligated tour.

CONCLUSION

This completes my formal testimony, Mr. Chairman. May I conclude by extending my appreciation to both the Surgeon General and the Chief, Medical Services Corps, for their cooperation in encouraging my appearance here today. Our mutual goal is to assure improved, quality foot care for our military personnel and their family members. Thank you, Mr. chairman and members of the subcommittee for your attentiveness. I would be pleased to respond to any questions you might have.

PODIATRISTS IN THE ARMY

Senator **Inouye**. Thank you very much, Dr. Beirne. How many podiatrists are currently serving in the Army?

Colonel **Beirne**. There are 40, sir.

Senator **Inouye**. Forty in the whole U.S. Army?

Colonel **Beirne**. In the U.S. Army, that is correct.

Senator **Inouye**. Are all of these podiatrists currently licensed in States? Do they hold State licenses?

Colonel **Beirne**. Yes, sir; every one of them has to have a State license, sure. That is part of DA Circular 601-89-3. You have to have a State license, and you have to have surgical residency to come on duty at this point in time as of March 13, 1989.

Senator **Inouye**. How many are board certified?

Colonel **Beirne**. There are 11 board certified right now out of the 40.

Senator **Inouye**. What is the highest ranking podiatrist in the Army?

Colonel **Beirne**. The highest ranking podiatrist right now is lieutenant colonel.

Senator **Inouye**. You are the highest ranking?

Colonel **Beirne**. Yes, sir.

Senator **Inouye**. What educational requirements do you have to have to become a podiatrist?

Colonel **Beirne**. A bachelor's degree; podiatry school, which is a DPM, a 4-year study; and a surgical residency at this point in time.

Senator **Inouye**. So it is 4 years for a bachelor's degree, 4 years in podiatry school, and residency beyond that?

Colonel **Beirne**. Yes; at least 1 year of surgical residency. Yes, sir.

Senator **Inouye**. So you are talking about 9 years minimum.

NEED FOR ADDITIONAL PODIATRISTS

You indicated there are 40 podiatrists in the U.S. Army. How many do you think the Army would need?

Colonel **Beirne**. In what kind of contingency, sir?

Senator **Inouye**. Let us say that you could make the decision. How many more would you hire?

Colonel **Beirne**. I think we could easily double that per a study that has been recently done in the Health Services Command [HSC].

Senator **Inouye**. From your statement, am I correct to assume that podiatrists have had no role at all in wartime scenario?

Colonel **Beirne**. With AR570-2 which was published in 1985 and with current policy that is going on at this time as of December 1989, we do have a role. This is going through TRADOC right now and has been approved.

Senator **Inouye**. So you do now have a role?

Colonel **Beirne**. We will have approval within a month.

Senator **Inouye**. Would you need additional training in order to play a more extensive role in wartime or emergency settings?

Colonel **Beirne**. Everyone could use more training, sir. I think the fact that we have only 11 board-certified podiatrists means that we need to keep those people. Otherwise, we continue to take people right out of the residency, we train them for 3 years, and then we lose them.

Senator **Inouye**. Some may be asking why was a podiatrist selected for this year's hearing. Last year it was an optometrist. Well, ever since I can recall, from early childhood, I have been cursed with ingrown toenails. Throughout my Army career and after that I have had orthopedic surgeons care for them, and it has never been satisfactory until last year when I found a podiatrist at Walter Reed. He said this is a simple problem, he yanked both of them out, and I am in heaven. That is why I think you fellows deserve much more than you are getting now. You have given me much comfort and pleasure.

Are you satisfied that podiatrists are being recognized today as professionals?

Colonel **Beirne**. The promotion board promotion rate for podiatrists have been dismal in the past. We have had 2 out of 17 picked up for captain to major in the last 5 years. I am not very positive for the younger podiatrist who is studying for board certification, who has taken ATLS, who is going forward and is trying to give excellent quality patient care.

Senator **Inouye**. How many lieutenant colonels are there among the 40?

Colonel **Beirne**. There are two; the next one retires in March 1990.

Senator **Inouye**. You will be the only one remaining?

Colonel **Beirne**. Yes, sir.

Senator **Inouye**. How many majors are there?

Colonel **Beirne**. Four.

Senator **Inouye**. Four, and the rest are captains or lieutenants?

Colonel **Beirne**. In the U.S. Army.

Senator **Inouye**. Is there a regulation that limits the top rank to lieutenant colonel?

Colonel **Beirne**. There has been some talk throughout the Medical Service Corps, and there have been some studies that have been done.

SOLUTION TO EDUCATIONAL DEBT

Senator **Inouye**. What is the solution to this very grave dilemma that you spoke of, the educational debt of young podiatrists?

Colonel **Beirne**. There are two solutions that I can conceive of. The first one would be the Health Profession Scholarship Program [HPSP] which has been taken away since 1981. Second, we could take these loans that are effective right now for the $69,000 and use, in my opinion, U.S.C. 109 to help rectify that.

Senator **Inouye**. Have you discussed this matter with your superiors?

Colonel **Beirne**. I have discussed it; yes.

Senator **Inouye**. I notice that the Surgeon General of the Army is taking notes very carefully, and we might discuss these problems with him later.

I would like to thank you, Doctor, for spending time with us today. You have been most patient in waiting, and I realize that it is not an easy thing in the military to be testifying in the presence of all of your senior colleagues. For that, I am most grateful.

ADDITIONAL COMMITTEE QUESTIONS

I can assure you that the staff and I will look into your suggestions very carefully and that we will discuss them with the appropriate officials of the Department of Defense. You see some improvement.

Thank you very much, sir.

[The following questions were not asked at the hearing but were submitted to the Department for response subsequent to the hearing:]

QUESTION SUBMITTED TO THE ARMY BY SENATOR INOUYE

MEDICAL SERVICE CORPS VS. MEDICAL CORPS PROMOTION RATES

QUESTION. Colonel Beirne, as I understand it, podiatrists fall under the Medical Service Corps rather than the Medical Corps. Are promotion policies the same for these two corps?

ANSWER. Promotion policies are different for Medical Service Corps officers and Medical Corps officers. The Defense Officer Personnel Management Act (DOPMA) of 1981 amended Title 10, United States Code, to revise and make uniform the provisions of law relating to the appointment, promotion, separation, and retirement of regular commissioned officers of the Army, Navy, Air Force and Marine Corps. DOPMA permitted competitive categories to be established under regulations prescribed by the Secretary of Defense for officers performing functions requiring special training or experience. The separate promotion categories are needed for various groups of officers whose extensive training and experience, and often relatively narrow utilization, makes it impossible for them to compete for promotion on an equal footing with other officers having more generalized experience. Six separate competitive categories were established within the Army Medical Department (AMEDD): Medical Corps, Dental Corps, Army Nurse Corps, Army Medical Specialist Corps, Medical Service Corps, and Veterinary Corps. Since 1967, and continued with DOPMA, Congress has exempted all physicians and dentists from the active duty strength and grade ceilings for colonels and below. This has enabled the Secretary of Defense to insure that medical and dental officers of one service are afforded an opportunity to be considered for promotion at the same career point and with the same selection opportunities, as medical and dental officers of the other services. As a result the Army Medical Corps and Dental Corps competitive categories are referred to as being exempt from the field grade limitations of DOPMA. To provide for the continuation of the best qualified physicians and dentists the following selection opportunity rate guide-lines have been utilized for promotions in these two DOPMA exempt, Army competitive categories: COL-75%; LTC-85%; MAJ-100%. However, the four remaining AMEDD competitive categories are encompassed within the DOPMA ceilings on authorizations for senior officers in the grades of major, lieutenant colonel and colonel. The by-grade ceiling does not permit an open ended selection opportunity rate for promotion within these competitive categories. The guidelines for selection opportunity rates for promotion for the non-exempt competitive categories, as identified in DOPMA are: COL-50%; LTC-70%; MAJ-80%. An analysis/comparison of selection opportunity rates for promotion for the specialties identified in the question is not feasible since the specialties represent different Corps and competitive categories. Any attempt to make a comparison of promotions between a competitive category with grade ceiling limitations to one that is DOMPA exempt would offer specious conclusions and ignore the special considerations afforded the medical and dental officers by Congress. Equity and timing within a competitive category are the key factors in maintaining morale and are carefully managed by the Army and the AMEDD within the constraints of DOPMA and Title 10.

SUBCOMMITTEE RECESS

Senator Inouye. So with this, I would like to announce that we will stand in recess until 10 a.m., Thursday, March 22, 1990.

To all of the witnesses, thank you very much.

[Whereupon, at 5 p.m., Tuesday, March 20, the subcommittee was recessed, to reconvene at the call of the Chair.]

DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 1991

THURSDAY, MARCH 22, 1990

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10 a.m., in room SD–192, Dirksen Senate Office Building, Hon. Daniel K. Inouye (chairman) presiding.

Present: Senators Inouye, Bumpers, Kasten, D'Amato, and Specter.

DEPARTMENT OF DEFENSE

DEFENSE MANAGEMENT REFORMS—ACQUISITION INITIATIVES

STATEMENT OF HON. JOHN A. BETTI, UNDER SECRETARY OF DEFENSE (ACQUISITION)

OPENING REMARKS OF SENATOR INOUYE

Senator INOUYE. This morning we welcome the Hon. John Betti, Under Secretary of Defense for Acquisition, to his first appearance before this subcommittee. Mr. Betti came to the Government last August after a successful career in industry, most recently as executive vice president for diversified products at the Ford Motor Co.

As Under Secretary of Defense for Acquisition, Mr. Betti is responsible for policy administration oversight and supervision regarding acquisition matters for the Department of Defense. Over the years, the Defense acquisition function has grown to the point that there are now over 580,000 civilian and military personnel in the DOD involved in more than 15 million acquisition actions.

In 1989, DOD acquisition personnel were responsible for negotiating, awarding, and executing over $128.9 billion in contracts to equip and supply the Armed Forces. For the most part, the Defense acquisition community conducts the business of equipping and supplying the military services successfully, without a great deal of recognition.

However, in the past several years, fraud and bribery investigations involving defense contractors, consultants, and Government officials have captured the attention of the media and the American public. The public perception of a DOD system riddled with waste, fraud, and abuse has refocused attention on the integrity of the acquisition process and the need for management improvements.

In 1989, Secretary Cheney's Defense Management Review found that the 1986 Packard Commission's recommendations to improve DOD's weapons systems acquisition process through new organizational arrangements, improvements in acquisition work force, and revised acquisition policies and procedures, had yet to be fully realized.

While some of these improvements, including centralizing authority for procurement and management with the Secretary of Defense and improving the acquisition work force appeared to result from the recent acquisition scandals, they have been cited repeatedly by congressional and Presidential commissions as necessary management improvements for over 40 years.

In 1949, the first Hoover Commission recommended vesting full authority for procurement in the Secretary of Defense. Both the Second Hoover Commission in 1955 and the Fitzhugh Commission in 1970 suggested programs for improving career opportunities for program management personnel, as does the 1989 Defense Management Review.

The 1983 Grace Commission report echoed the 1949 Hoover Commission recommendation, restating the need to consolidate the acquisition function at the OSD level.

Mr. Betti, we have reviewed the defense management report initiatives and I am encouraged by Secretary Cheney's intentions to improve and streamline acquisition management. We realize this is a long-term effort to introduce fundamental changes to the Defense acquisition system, one which will also require the Department's sustained attention to achieve its goal.

However, we are concerned that the progress of reform has been slow, and historically ineffective. This committee also has the difficult task of assessing the likelihood of the Department of Defense achieving the savings identified as DMR savings in the fiscal year 1991 budget request.

We would appreciate your candid opinions on these potential savings and any other areas the Defense acquisition reform may have an impact on the fiscal year 1991 budget.

Mr. Betti, we have received your statement and without objection it will be made part of the permanent record. We look forward to your comments this morning and you may proceed as you wish. Welcome, sir.

SUMMARY OF STATEMENT

Mr. Betti. Thank you, Mr. Chairman. If I might, I will just summarize the opening statement and then try to respond to questions, if that is acceptable to you.

Senator Inouye. Yes, sir.

Mr. Betti. First of all, I am delighted to be here and delighted to have the opportunity to share some of my thoughts on Defense acquisition improvements, specifically, the Defense management report and what we are doing to implement that report.

As you stated in your opening remarks, there is little new in that report itself. It does attempt to take the findings of all of the previous commissions—the Packard Commission, the Hoover Commission, the Grace Commission—at least the essential elements, and tries to put them into a working plan, and I think it has done a good job.

There has been some criticism that it may not have gone far enough, but my view of it is that it is apparently the first real attempt to move significantly in the direction dictated by Goldwater-Nichols and the Packard Commission.

I believe that the time is right for those changes. The President indicated his support for reform. I think when Secretary Cheney submitted the report it was in response to that request. I think the implementation efforts that we have undertaken to date are being successful in large part because of the teamwork approach that has been undertaken. Improving the DOD management is a goal of Secretary Cheney's, also Deputy Secretary Atwood, the service secretaries, and myself.

I think that the task of improving the Defense acquisition process is a formidable one. I find it is not significantly different than any attempts that we have made in private industry, in terms of the fundamentals. Certainly the specifics are somewhat different, but the fundamentals are the same.

Since last July, we have been engaged in an intensive effort to put the DMR recommendations into effect in the acquisition area, and in moving toward those goals we have taken several actions that I think have made significant progress to date, and let me just mention a few that we have taken.

One is that we have restructured the Defense Acquisition Board, streamlining its membership, empowering my position as the chair of that committee to make the milestone decisions on individual weapons programs. The Defense Acquisition Board acts as an advisory board and the decision authority has been vested in me.

We have also streamlined the review process. As a matter of fact, in one case, in one Defense Acquisition Board meeting I asked the program manager how many times he had briefed that particular report before it came to that particular body and ready for decision, and he indicated that he had briefed the report 80 times, and I found that a little incredible. I said, "No, I mean after you were ready for a decision," and he said, "Eighty times." I had it audited, because that still seemed incredible. It turned out to be 67 times.

Clearly, briefing reports that often has little added value. We have now streamlined it, and we have just recently all agreed that we could get that down to a maximum of four. We have yet to see whether 4 will work, but clearly 67 to 80 is far too many.

Also, as an example of just applying good management, as a result of the review, when a decision is made it is promulgated in acquisition decision memoranda. I was told that it sometimes took 6 months for those decision memoranda to get out to the people that needed the decision, and by that time they had been staffed so frequently that the decision seemed to little represent what actually went on in the meeting.

We now have a rule that we get those decision memoranda out in 48 hours, and so far, since we put that rule into effect we have missed on one. It took 72, because it was an open issue at the meeting that we had to discuss further. That may seem trivial, but it is an indication of the kinds of things that we are trying to do that are fundamentally different.

We also, for example, allowed decisions to be kicked ahead. In one case we found that the test and evaluation master plan, TEMP, which is a very important part of the process of testing to support programs, that in one case there had never been an official approval of a TEMP in the 13 years of existence of the program.

I gave the people involved 30 days to resolve their problems or bring them in, and they had a signing ceremony 29 days later—just an indication of where a relatively minor difference had been allowed to progress too far.

We are now going through the whole process of those TEMP's, since they are such important documents, of making sure that we have all of the input we need to make good test plans and that those test plans are put in place and then followed, and we will monitor them rigorously.

Along those same lines, we find programs where the schedule has been put together in such a form that there is a high degree of what is called concurrency, or overlap, in program events. Concurrency in itself is not bad, because if you did not have concurrency you would have each element of the program end to end, and there would be disruptions in the teams that have been put together at the contractors who follow those programs. They would take much longer than would be desirable.

On the other hand, too much concurrency puts you in a position where events may not take place that are necessary to make a good solid decision before going into the next phase of the program. Another thing with those programs, the events were actually time-based in some cases, as opposed to event-based, which meant that the passage of time caused things to go into the next phase, as opposed to having firmly completed events or tests or evaluations.

We have now made it clear that we will not do that, and that we will evaluate all of the programs for concurrency to make sure that the amount of concurrency is prudent and that it represents a proper balance of the risks involved. Unfortunately, in some of the programs we are already there, and we have to manage our way through those contracts in the best possible manner, but none of the new programs will be in that same position.

We are trying to simplify the process. We are trying to simplify the paperwork that we have involved. As an example, there are approximately 500 directives within the Department of Defense itself, at the policy level. We have reviewed all 500 of those directives now, and have concluded that about three-quarters of them can either be cancelled or combined, or should be revised. That means that roughly a quarter of them will remain as is.

We have over 12,000 contract documents, contract clauses, that have been reviewed and it has been proposed that about 80 percent of them can be eliminated, further simplifying the paperwork process. It has been estimated that we have 1.8 million lines of text in these directives, et cetera, that by themselves would represent about 600 books of 300 pages each, which clearly tends to bog down the whole system and slow down the process.

I could give you other examples, but the one last one that I would like to mention is that I have constituted a task force under the auspices of the Defense Science Board to completely chart and understand the total acquisition process and to do what we call time-lining it, to actually determine the amount of time that is involved in each step of that process, and after they thoroughly understand the process, to understand the root causes of one step at a time, and to address those root causes and see if they can come up with a plan that will take 50 percent of the time of the process— or eliminate 50 percent of the time involved. That is a very ambitious goal, and I do not think it is achievable, but on the other hand, I wanted to make it clear in the goal that I gave that group that I was not interested in tinkering at the edges, that I was interested in their getting into the fundamentals of that process. So I am eagerly awaiting to see what they come up with in that regard.

We have done other things with the DMR, as you may know, and that is that we have established an Acquisition Personnel Training and Development Policy Office under my jurisdiction. We have just appointed the Director in charge of that Office in the last 6 weeks, and he is in the process of evaluating what we have in terms of training and in terms of career development to see what further actions need to be taken in that regard, and I know that is a subject of interest to you.

We also consolidated the Defense contract management people into one command, under the DLA, and we had the ceremony setting up that command at the end of February. That will provide a number of benefits, we believe, the first of which is the fact that the contractors will now have one group to look to in terms of contract management, as opposed to up to four—one from each of the services and one from DLA. It also will provide us the opportunity to evaluate the whole process and how we conduct business to make sure we are not only uniform, but that we actually streamline the process.

I think I will stop there and answer any questions.

[The statement follows:]

STATEMENT OF HON. JOHN A. BETTI

- INTRODUCTION

I AM DELIGHTED TO BE HERE TODAY TO SHARE WITH YOU MY THOUGHTS ON THE ONGOING IMPLEMENTATION OF THE DEFENSE MANAGEMENT REPORT (DMR), AS WELL AS IMPROVEMENTS IN DEFENSE ACQUISITION MANAGEMENT IN GENERAL. I WOULD LIKE TO FOCUS, IN PARTICULAR, ON SEVERAL OF THE EFFECTIVE ACTIONS THAT WE ARE TAKING TO IMPROVE DOD MANAGEMENT AND THE ACQUISITION PROCESS.

THE IMPLEMENTATION EFFORTS WE HAVE UNDERTAKEN TO DATE HAVE BEEN SUCCESSFUL IN LARGE PART DUE TO THE TEAMWORK APPROACH WE HAVE ADOPTED. IMPROVING DOD MANAGEMENT IS A GOAL THAT THE SECRETARY, DEPUTY SECRETARY, SERVICE SECRETARIES, AND I ARE ALL FIRMLY COMMITTED TO.

THE TASK OF IMPROVING DEFENSE ACQUISITION MANAGEMENT IS A FORMIDABLE ONE, BUT A JOB FOR WHICH MY BACKGROUND MAKES ME WELL QUALIFIED. I HAVE 37 YEARS OF EXPERIENCE IN INDUSTRY, PRIMARILY IN ENGINEERING, MANUFACTURING, AND PROGRAM MANAGEMENT. I PLAYED A MAJOR ROLE IN THE FORD MOTOR COMPANY'S CULTURAL AND PERFORMANCE TURNAROUND IN THE EARLY 1980's.

THE ORGANIZATIONAL AND MANAGEMENT CHALLENGES WE NOW FACE IN DOD ARE SIMILAR IN MANY RESPECTS TO THE FORD TURNAROUND, AND SO I AM APPLYING MY EXPERIENCE AT FORD TO MY JOB IN DOD.

- DMR BACKGROUND

SECRETARY CHENEY SENT THE DMR TO THE PRESIDENT IN JULY 1989. THE DMR CONTAINED NUMEROUS RECOMMENDATIONS INTENDED TO IMPLEMENT FULLY THE 1986 PACKARD COMMISSION REPORT. THESE RECOMMENDATIONS COVERED A WIDE RANGE OF DEFENSE MANAGEMENT ISSUES, FROM DEFENSE PLANNING TO GOVERNMENT-INDUSTRY RELATIONS.

SINCE LAST JULY, WE HAVE BEEN ENGAGED IN AN INTENSIVE EFFORT TO PUT THE DMR RECOMMENDATIONS INTO PRACTICE. IN THE ACQUISITION AREA, OUR FOCUS HAS BEEN ON IMPROVING SIGNIFICANTLY THE DEFENSE ACQUISITION PROCESS SO IT PROVIDES PRODUCTS THAT PERFORM AS PROMISED, ON TIME AND WITHIN COST, A GOAL I KNOW THAT ALL THE MEMBERS OF THE COMMITTEE SHARE.

IN MOVING TOWARD THIS GOAL, WE HAVE TAKEN SEVERAL ACTIONS, AND, I THINK, MADE SIGNIFICANT PROGRESS TO DATE:

- MANAGEMENT INITIATIVES

  -- WE HAVE RESTRUCTURED THE DEFENSE ACQUISITION BOARD (DAB), STREAMLINING ITS MEMBERSHIP AND EMPOWERING THE USD(A), AS DAB CHAIR, TO MAKE MILESTONE DECISIONS ON INDIVIDUAL WEAPONS PROGRAMS.

  -- WE HAVE ALSO STREAMLINED THE DAB REVIEW PROCESS. ACQUISITION DECISION MEMORANDA (ADMs), WHICH DOCUMENT DAB DECISIONS, ARE NOW ISSUED WITHIN 48 HOURS OF THE DAB MEETING. AS RECENTLY AS A YEAR AGO, THIS PROCESS COULD TAKE UP TO SIX MONTHS. IN ADDITION, THE SERVICE ACQUISITION EXECUTIVES AND I HAVE ESTABLISHED NEW STREAMLINED DAB REVIEW PROCEDURES. THESE NEW PROCEDURES REDUCE THE BRIEFING WORKLOAD ON OUR PROGRAM MANAGERS.

  -- I HAVE ALSO TAKEN STEPS TO DISCIPLINE THE DAB REVIEW PROCESS:

    --- DAB REVIEWS WILL NOT BE CONVENED UNLESS ALL REQUIRED DOCUMENTATION IS COMPLETE, THAT IS, SIGNED BY THE SERVICE ACQUISITION EXECUTIVE (SAE).

    --- I EXPECT ACQUISITION STRATEGIES TO LINK EXPLICITLY MILESTONE AND PRODUCTION

DECISIONS TO DEMONSTRATED ACCOMPLISHMENTS IN DEVELOPMENT, TESTING, AND INITIAL PRODUCTION.

--- I AM CURRENTLY REVIEWING OPTIONS FOR IMPROVING THE UTILITY OF TEST AND EVALUATION MASTER PLANS (TEMPs) AND THE EFFICIENCY OF THE TEST PLANNING OVERSIGHT PROCESS.

-- IN THE AREA OF REGULATORY RELIEF, WE HAVE IDENTIFIED SUBSTANTIVE OPPORTUNITIES FOR STREAMLINING THE DOD REGULATORY REGIME.

--- WE HAVE REVIEWED OVER 1,200 DoD-LEVEL DOCUMENTS, ABOUT 500 OF WHICH HAVE ACQUISITION IMPACT. TO DATE, WE HAVE IDENTIFIED OVER 60% OF THESE ISSUANCES FOR OUTRIGHT CANCELLATION OR CONSOLIDATION INTO MORE STREAMLINED REGULATIONS. ANOTHER 16% OF ACQUISITION-RELATED REGULATIONS WILL BE REVISED AND STREAMLINED.

--- WE HAVE ALSO REVIEWED THE FEDERAL ACQUISITION REGULATION (FAR), DEFENSE FAR SUPPLEMENT, AND COMPONENT-LEVEL CLASS-USE CONTRACT CLAUSES. RECOMMENDATIONS ON THIS REGULATORY MATERIAL ARE EQUALLY SUBSTANTIAL IN

TERMS OF CANCELLATION, CONSOLIDATION, AND REVISION.

-- TO FURTHER THE STREAMLINING INITIATIVE, I HAVE ESTABLISHED A STREAMLINING TASK FORCE UNDER THE AUSPICES OF THE DEFENSE SCIENCE BOARD (DSB), WHICH INCLUDES MEMBERS FROM INDUSTRY, THE SERVICES, THE OFFICE OF THE SECRETARY OF DEFENSE AND EVEN TWO HILL STAFFERS. THIS TASK FORCE IS TO CHART THE ACQUISITION PROCESS, DETERMINE THE ROOT CAUSES FOR NON-VALUE ADDED TIME, AND THEN PROVIDE A ROAD MAP OF HOW TO REDUCE THE TIME REQUIRED BY 50%.

- STRUCTURAL INITIATIVES

-- I HAVE ESTABLISHED AN ACQUISITION PERSONNEL, TRAINING, AND CAREER DEVELOPMENT POLICY OFFICE, WHICH WILL SERVE AS THE USD(A) FOCAL POINT ON MATTERS AFFECTING THE ACQUISITION WORKFORCE.

-- A DEFENSE CONTRACT MANAGEMENT COMMAND (DCMC) UNDER THE DEFENSE LOGISTICS AGENCY (DLA) HAS BEEN ESTABLISHED. THE PURPOSE OF THIS COMMAND IS TO CONSOLIDATE CONTRACT

ADMINISTRATION SERVICES UNDER A SINGLE ORGANIZATION, THEREBY STREAMLINING THE CONTRACT ADMINISTRATION PROCESS.

-- WE ALSO HAVE A NUMBER OF OTHER CONSOLIDATION STUDIES CURRENTLY UNDERWAY. WITHIN OUSD(A), THE STUDY EFFORTS ARE EXAMINING POTENTIAL CONSOLIDATIONS IN THE FOLLOWING AREAS:

---SUPPLY DEPOTS
---MAINTENANCE DEPOTS
---INVENTORY CONTROL POINTS
---RESEARCH AND DEVELOPMENT FACILITIES
---TEST AND EVALUATION FACILITIES

-- WE HAVE ESTABLISHED A DoD ETHICS COUNCIL TO DEVELOP A MODEL ETHICS PROGRAM FOR DoD PERSONNEL THAT: ENHANCES AWARENESS AND UNDERSTANDING OF ETHICAL ISSUES, AND FACILITATES THE OBSERVATION, ADMINISTRATION, AND ENFORCEMENT OF ESTABLISHED ETHICAL STANDARDS. THE COUNCIL, WHICH REPORTS TO THE SECRETARY AND DEPUTY SECRETARY OF DEFENSE, IS COMPOSED OF THE UNDER SECRETARY OF DEFENSE FOR ACQUISITION AND THE SECRETARIES OF THE MILITARY DEPARTMENTS. THESE MEMBERS INTEND TO ENSURE THE

PERSONAL INVOLVEMENT OF EVERYONE WITHIN THE DEPARTMENT IN ETHICS ISSUES -- FROM OUR MOST SENIOR LEADERSHIP TO OUR MOST JUNIOR EMPLOYEES.

- CONCLUSION

FOSTERING CULTURAL CHANGE IN AN ORGANIZATION AS LARGE AND COMPLEX AS THE DEFENSE DEPARTMENT IS PAINSTAKING AND DIFFICULT WORK. IT IS ALSO HIGHLY WORTHWHILE WORK AND, I BELIEVE, ULTIMATELY ACHIEVABLE. I MENTIONED EARLIER THE TOP-LEVEL TEAM WE HAVE ESTABLISHED IN THE PENTAGON. THIS IS GOOD, BUT WE ALSO NEED A CONSTRUCTIVE AND COOPERATIVE RELATIONSHIP WITH THE CONGRESS. IN THAT SPIRIT, I LOOK FORWARD TO WORKING WITH ALL OF YOU TOWARD OUR MUTUAL GOAL OF IMPROVING DEFENSE ACQUISITION MANAGEMENT.

MANAGEMENT INITIATIVES

Senator INOUYE. Just as a matter of curiosity, in one of the examples you cited you said that it took 6 months for a policy decision to be transmitted to implementing officials, but now you do it in 24 hours.

Mr. BETTI. Forty-eight.

Senator INOUYE. What was the reason for the 6-month delay, the post office?

Mr. BETTI. No, sir; the fundamental reason was that as the memorandum was written, it was staffed. It was sent around to the various staffs including the line organization involved, and it seemed as though too many people added input that, in some cases, as I understand it, was not even part of the meeting, but provided their own input and their own spin and by the time those varying opinions were synthesized down to a memorandum it ended up being as long as 6 months.

I do not mean that that was the average, but that was the order of magnitude. I am told that the average was closer to 3 months.

Now what we are saying is when the meeting is over, there is one decisionmaker and that is me.

We have somebody that records the decision, provides 24 hours for people to review it, and make sure that if for some reason the recording of the decision could not be misinterpreted. At the end of that 24 hours, the door is closed and I take the final input and issue the direction.

Senator INOUYE. With all the reforms that you are now implementing, cutting down paperwork, cutting down the time involved, would it have any effect upon the 580,000 personnel you have under your command at this time? Will you reduce it?

Mr. BETTI. I believe, Mr. Chairman, that is exactly what will happen as we become more efficient and effective. We can provide a better output, a higher quality output at lower cost, and I believe that there will be fewer people involved.

I sincerely believe that if we streamline the process, we will have more productive and even happier personnel. Right now they spend as much time working the process as they do working the problems.

Senator INOUYE. When will the fruits of your efforts be made available here?

Mr. BETTI. If by being made available, you mean when will they all show up in the——

Senator INOUYE. Reductions.

Mr. BETTI. In the budgets?

Senator INOUYE. Yes.

Mr. BETTI. I think it is over time and those which we could identify specifically were part of the commitment that was made that, as I remember the numbers, it was $2.5 billion were included in the 1991 and for the 5-year period starting with 1991 we projected $39 billion of savings.

I think that we can do better than that, particularly with the help of Congress in the simplification process.

Senator INOUYE. Now the reforms that you have mentioned in your statement were also recommended by other commissions such as Grace and Packard. And apparently, from your statement, we were not successful or sufficiently successful in carrying out the recommendations.

What makes you believe that you would be much more successful this time?

Mr. BETTI. I take the "you" that you mention as being more than just myself. It is the whole team at the Department of Defense. I believe there are a couple of reasons. First is I think the time is right.

Second, is that the kinds of cultural changes that were being proposed in those various commissions are indeed very basic cultural changes, and it takes time to make cultural change.

I think we have the team in place that really is committed to making it happen. The report itself that was put together, although I was not there at the time, I got there at the time the report was issued, was put together as a team.

It is an insiders', if you will, report and there seems to be commitment to making it happen. I do not think there is any magic in making it happen. It is all basic, fundamental management items, approaches, but it will take time, as you mentioned in your remarks.

SPARE PARTS MANAGEMENT

Senator **Inouye**. Recently, GAO issued three reports relating to spare parts management, accounting, and inventory control, and these reports claim that as a result you had an unnecessary growth in inventory amounting to over $34 billion of equipment in excess of military requirements.

What changes in law and regulation would be necessary to help you manage this inventory a little better—assuming that the report is correct?

Mr. **Betti**. Let me not try to take on the individual numbers because there are some, what we believe to be, inaccuracies in the report, but I think it is sufficient to say that if you have $100 billion worth of inventory which is what we are talking about in spare parts, consumables, et cetera, that there is the opportunity to mismanage that large a number in a lot of its aspects.

We have a task force that has been in the process of evaluating our inventory and our inventory control and management systems. There have already been changes put in place. There have been things that have been found that are not good management practices.

We would hope when we complete that review to share it with you, particularly in those areas where legislation might help us.

I cannot give you any specific recommendations at this time, but it is clear that there are better things that can be done. But, as an example, I have forgotten the exact number, but I think we have 1 million small arms that are no longer usable that we are prohibited from getting rid of by legislation. Now that is just one, a vignette, but there are some of those things that flow through that process, as well as a number of things we can correct for ourselves.

Senator **Inouye**. These are World War II vintage rifles you are talking about?

Mr. **Betti**. I cannot identify them exactly. But they are arms that are no longer useful is all I know.

Senator **Inouye**. Secretary Atwood recently stated that this $34 billion was not correct. He said it should be closer to $9 billion. Do you know his basis for that claim?

Mr. **Betti**. Yes. Well, I believe $30 billion was stated by the GAO as being in inventory that was not usable. Out of that $30 billion there is actually roughly $9 billion to $10 billion that is obsolete material. The other $20 billion is material that is not usable within a 2-year period, but is still usable. It has been bought, but just will not be consumed within that 2-year period, and that is basically the difference between the $30 billion and the $10 billion.

Out of that $9 billion, that is material that is obsolete either as a result of changes that have been made in the program, or for some reason the material is no longer usable. This is no different than in the commercial arena, where no matter what you do, unless there are no changes, then there is some obsolete material.

Senator **Inouye**. You mentioned 1 million weapons. If we gave you the authority to dispose of them, what would you—what sort of authority do you want, to sell or to destroy?

Mr. **Betti**. Well, it could be either. I think there we would have to——

Senator **Inouye**. You said that these are unusable and nobody wants them——

Mr. **Betti**. They are not usable for military purposes. I am sorry if you heard me say nobody wants them. I do not know whether any of them could or should be actually sold. I think the preference would probably be for destruction.

Senator **Inouye**. If the debate and discussion and negotiations on the conventional forces are resolved successfully, I think one can safely assume that you will have a lot more weapons in excess, but these are not obsolete weapons. These are weapons that are up to date and modern.

Does this mean that we may be entering a new phase of an arms race in the Third World? Because I can see the Soviets maybe giving to their friends and we giving to our friends. We have already started that with the tanks to Egypt.

Mr. **Betti**. I think, Mr. Chairman, that is certainly a policy decision that would have to be made, as to what to do with the inventory. There may be some cases where it would be better to continue with inventory than to dispose of it, some excess inventory, but I think those are individual decisions that would have to be made.

But from a policy standpoint, clearly you do run the risk of an arms race in the Third World as you indicated. I would hope we would avoid that.

ROLE OF DIRECTOR OF OT&E

Senator **Inouye**. The revision of DOD's acquisition regulations contemplates eliminating the role of the independent defense director of operational test and evaluation in approving the weapons systems test and evaluation master plan as proposed by the services.

Why is DOD considering a move to undercut the authority of the one departmental official charged by law with ensuring the adequacy and realism of weapons testing?

As you know, Congress established this Office, to make certain that weapons are tested adequately under rigorous combat-like conditions before deployment.

Why do you think you want to wipe it out?

Mr. **Betti**. I do not propose to wipe it out, Mr. Chairman. I am not exactly sure from what you are reading, but what I have done is I have put together another study team, headed, as a matter of fact, by that Director that includes testing people both from the staffs and from the services to come up with the best way of handling—I would say basically the establishment of the TEMP's, of the test and operating plans.

Now the testing people themselves have put together a proposal of where testing is best done, but there is no intention to undercut the authority nor the responsibility of that independent test.

I frankly believe it is important that we keep the overall responsibility for testing independent.

B-2 CONCURRENCY

Senator INOUYE. The next question is a very important one for various reasons: one political, the other extraordinary media attention. So I am going to read the question and, if you wish, you may think about it and submit a written response.

GAO recommends consideration of alternative acquisition strategies for the B-2 bomber due to concurrence between the research and development and procurement phases of the program. GAO claims that more than half of the B-2's acquisition cost will be appropriated, and almost one-fourth of the bombers will be ordered before critical testing is complete.

Do you consider the B-2 program's current procurement file to be accessibly concurrent with full testing of the bomber's critical performance parameters?

Mr. BETTI. I think, Senator, I would like to respond to the committee in writing, but I can make a couple of comments in that regard.

As you may know, at the direction of Secretary Cheney we are currently reviewing four major aircraft programs. The B-2 is one of them. It is an independent team review within the Department. We may have more to say about how that B-2 program should continue as a result of that review.

Second is that I was down at the Air Force Base where the B-2 is being flown and talked to the test pilot for the first flight and also the director of test flying on the B-2. Frankly, I was encouraged by the comments they made about the testing to date on the B-2.

Since it is a serious question, I would like to carefully review a thoughtful response.

[CLERK'S NOTE: The answer to the question may be found in the submitted question section at the close of the hearing.]

Senator INOUYE. I will be submitting to you, sir, a series of questions relating to this B-2 bomber and other weapons systems, and I will look forward to your responses.

DEFENSE MANAGEMENT REVIEW STUDIES

Mr. Secretary, $5.6 billion, or 14 percent, of the 1991-95 savings is estimated by your Defense Management Review attributable to consolidation of supply, depot maintenance, inventory management, automated data processing, and R&D labs. The fiscal year 1991 budget alone attributes savings of $300 million to these consolidations.

Could you provide a few specifics on what type of reforms will lead to these savings?

Mr. BETTI. There are a number of individual management actions that do a better job of managing the inventories in total. I cannot remember right now whether within that number was also the change in policy for repairables in both the Army and the Air Force.

That is an instance, again, where there is no magic, but the Navy was different from the other two services in that if somebody wanted something repaired they basically had to pay for it, whereas in the Army and Air Force it basically was a freebie as far as the individual wanting the repair.

What we have done is change the policy for the Army and the Air Force to be consistent with the Navy. Again, there is no magic there, but it puts a discipline, in that if somebody wants something, if they want a new one or if they want something repaired they then have to go through a different approval process in order to do that. Again, no magic; just trying to tighten the management of the operation. The rest of the items within the inventory control, et cetera, fall into that kind of a category.

Senator INOUYE. We have been looking into one of the recommended changes of your review. We have noted that three services maintain similar repair and supply activities, and you are proposing to rationalize the systems through consolidation. Joint working groups under your command have been formed, and I gather that they are supposed to develop specific activities that can be merged to reduce duplication. For example, depot maintenance in the Air Force could repair all fixed wing aircraft and in the Army all helicopters.

This study is due to be submitted to you in May; however, our information would suggest that some of the working groups have resisted and have produced few tangible reforms. Instead, we have been told that they will propose general budget reductions, no change in the way business is done, but just program reductions. I do not suppose that that is the purpose of your DMR.

What will your response be if the services propose that supply activities or repair depots take a general reduction rather than fundamentally change the way they do business?

Mr. BETTI. I believe we will have to evaluate the proposals when they come out to see how significant a change they can effect. Based on my experience, I personally do not hold to necessarily centralizing or consolidating. But if we do not do that, then there must be significant changes that are going to take place that would come up with what are equivalent reductions, in my view.

The thing that is in favor of consolidation is that you put it under one control, and presumably you can get a consistent set of policies. There is no magic in that. You can mismanage a large centralized organization just as well as you can mismanage delegated organizations.

Senator INOUYE. Mr. Secretary, I have many other questions to ask. Before I recognize my colleague from Arkansas, I would like to make a request. We are at present tentatively scheduling July 18 as the markup date, and that is not too far down the road. It would be extremely helpful, therefore, if the results of your study, the program review, would be made available to us. These are studies on the B-2, the C-17, and the ATF. These are major ticket items, and we would like to receive them as soon as they are available. It would help us immensely when decision time comes along. Decision time, as presently scheduled, is July 18.

I would appreciate that very much, sir.

Mr. BETTI. I understand.

Senator INOUYE. Senator Bumpers.

ACQUISITION BENCHMARKS

Senator **Bumpers**. Thank you, Mr. Chairman.

Secretary Betti, I would just like to point out that when Secretary Atwood testified before this committee last year, in discussing acquisition he told us what the problem with these acquisitions had been.

When you are developing a weapon you have certain benchmarks during the development process, both the research and development of a weapon.

He said the problem has been in the past that we have waived the benchmarks. For example, on July 1 you have three benchmarks you must meet, and we meet two of them and waive the third one. Four months later we are supposed to meet five benchmarks, and we waive two of them. By the time you start buying the weapon it is far short of the promises made when it was originally begun.

Now Senator Inouye has already asked the key question on the B-2 which you have promised to answer in writing for the subcommittee. This year when Secretary Atwood came back, he was a little hesitant. As a matter of fact, I complimented him last year, and he promised us that there would be no more waivers. You either meet these test thresholds or you go no further. We are not going to be responsible for things like the B-1 anymore. Yet, I see us heading right into the same pattern with the B-2.

Now I bought into the B-2 in 1980. I voted against the B-1 for entirely different reasons, not because I did not think it would fly. I assumed it would fly. At that time, then-Secretary Perry, Assistant Secretary of Research and Development, convinced me that the B-2 really would penetrate the Soviet Union. I had grave reservations about the desirability of having a penetrating bomber, but that is another issue.

I bought into it for two reasons. I voted against the B-1 because I did not think it was a good idea and because I thought the B-2 was a much better concept. Now I am not saying I feel like I have egg all over my face, but here we are this year with the President asking us for $5.5 billion for five airplanes.

Incidentally, how many B-2's have we taken delivery on so far?

Mr. **Betti**. I believe it is either two or three.

Senator **Bumpers**. We have contracted for more than two, have we not?

Mr. **Betti**. I think we have contracted for five. It is somewhere between 5 and 15. I do not know exactly where the contracting is.

Senator **Bumpers**. Mr. Betti, I am going to accept staff's better knowledge of this. They say that, not counting the 2, we have contracted for 13, and that does not include the 5 which Defense is asking for this year.

Mr. **Betti**. That could be the right number.

Senator **Bumpers**. So that is a total of 20 planes. Yet, the B-2 has not yet even begun to meet all the tests and the thresholds that anybody would have a right to expect before we embark. Of course, we are spending the big money now. The reason five planes are going to cost $5 billion is because we deal in economies of scale. The price is supposed to go down as you buy more.

Even so, these five planes that we are buying now at $1.1 billion each may never even begin to meet the tests that Congress thinks they ought to meet, including the penetrability. I do not want to beat this subject to death. There is an awful lot of conversation over here about it. I do not know what is going to happen when we go to markup in this committee, and I do not know what Armed Services is going to recommend.

I am just saying Secretary Atwood told the subcommittee last year that that was not going to happen in the future, and now it is happening again. I assume you report to him, do you not?

Mr. BETTI. Yes.

Senator BUMPERS. How do you explain this? Why do we keep doing the same thing over and over again?

Mr. BETTI. I can see where there is an opportunity for different understandings, so let me try to give you my version of it.

One is that, as I mentioned in my opening remarks, we are putting discipline into the system. We are reviewing the programs for what is called concurrency, which is what you are talking about on the B-2. I mentioned that concurrency by itself is not an even. As a matter of fact, it is a necessity. It is a question of how much and at what point does concurrency and the risk it implies become counterproductive or not a prudent business decision. If you had no concurrency and tried to do everything sequentially, it would not only take much longer, it would actually be more expensive.

The problem is that when you get a degree of concurrency where any event may cause a program to be committed beyond what the facts would dictate, such as your description of the B-2, then you may be spending big money on products that have to be reworked or may not be acceptable. The point I am trying to make is that there is a business balance.

I think that Secretary Atwood was correct in what he said about putting discipline in the system, about not passing milestones, and that is exactly what we are trying to do.

Now having said that, we are into programs where we do have contracts, and we may have degrees of concurrency that we consider not prudent risk, and we have to manage our way through those contracts. Reopening some of these contracts can be significantly more expensive than finding a sensible way of managing our way through that contract. I am not speaking to the B-2 directly; I am speaking to the problem generically.

So if you could wipe the slate clean and get rid of concurrency and not take the penalty of renegotiating contracts, that would be a good way of doing it.

So my point is that we are putting discipline in the system, but we do have some contracts out there through which we have to manage our way.

Now on the B-2, I would like to respond to that as a part of the response to the chairman's question, if I may.

ADVANCED MEDIUM-RANGE AIR-TO-AIR MISSILE

Senator BUMPERS. Well, comment on the AMRAAM.

Mr. BETTI. The AMRAAM is exactly the situation I just described. I was not here for the beginning of the program, but the concurrency——

Senator BUMPERS. That is one of the handicaps which you are under, and that is one of the handicaps we have. We get a different cast of characters.

Mr. BETTI. New faces.

Senator BUMPERS. I do not mean this to demean your testimony, but the testimony always looks very much the same on reforming the acquisition procedures.

Go ahead.

Mr. BETTI. I can only play the hand they dealt me, Senator.

Senator BUMPERS. Well, talk to me about the AMRAAM.

Mr. BETTI. Here is a program that has a high degree of concurrency whether it was planned on originally or whether it was as a result of slipping milestones as you described a few minutes ago is not clear to me, but in any event, we have a degree of concurrency we do not like, and we are now in the position of trying to manage our way through the contracts that we already have established in the most sensible way we can.

The AMRAAM is up for a set of tests. There will be a Defense Acquisition Board review in April, and another milestone review in May. In April the review will be because of the slippage in tests and the breach in the baseline costs. The May review is a full review to determine whether or not we will go into the next phase.

It is dependent on successful testing, a series of successful tests. We have a series of exit criteria defined. It also is dependent on the results of three specialist teams that we have put in place that are reviewing the program to include the robustness of the design and the adequacy of the production processes. So, we expect the results of those studies to be available for those two meetings, and then we will have to decide what we do at that point in time.

Senator BUMPERS. Mr. Secretary, when you are just sitting around with your assistants and talking about concurrency and whether it is better for us to just scrub the thing or keep struggling with it—I mean, we have got a lot of concurrency problems.

Mr. BETTI. Yes, sir.

Senator BUMPERS. We have so many—I could just go on—C-17, F-14D, B-2, AMRAAM, all of those programs, and I must say I do not know why we keep getting into these things. But just take the B-2 for example. When you are sitting around discussing the decision with the Secretary, for example, about where we ought to go on the B-2, do you ever talk about the fact that Northrop is in dire financial straits?

Mr. BETTI. Yes, sir.

Senator BUMPERS. Do you feel any obligation to them as a result of that? And what are the rules in the Pentagon on that? Do you have some latitude in helping defense contractors that are in difficulty?

Mr. BETTI. We are not a charitable organization, Senator. We are there to——

Senator BUMPERS. Not intentionally, anyway.

Mr. BETTI. Not intentionally. It is like the story about not being a nonprofit organization intentionally.

I think our responsibility is to spend the taxpayers' dollars wisely in defense of the country, and you cannot ignore what is happening to the industrial base, but clearly that cannot be our prime consideration.

If I may, I have a memorandum here that I signed out, as a matter of fact, as recently as February 21. I will not read you the whole memorandum, but I would like to just highlight a couple of items in here that bear to the question you raised, and this has to do with Defense Acquisition Board milestone reviews, and the first thing I say is, "I will not convene a milestone DAB unless the documentation is complete. That includes the testing requirements as part of the documentation."

I go on later to say, "Second, with regard to acquisition strategy, as I expect all programs to have a discipline event-driven acquisition strategy that explicitly links milestones and production decisions to demonstrated accomplishments in development, testing, and initial production by means of exit criteria." So you decide ahead of time about what it takes to make that decision.

I go on to explain that a little bit further, and then the third item I speak to here is contracts will be written so as to impose the aforementioned linkages between demonstrated accomplishments in development and initial production and corresponding program phase and production decision. So, this is an attempt to articulate exactly to what you are speaking, I believe.

DEFENSE SCIENCE BOARD STUDY

Senator **Bumpers**. Well, in that connection, Mr. Secretary, you have asked the Defense Science Board to conduct a 6-month study to determine whether the defense acquisition process is working properly. Now, how does this differ from last year's defense management review that Secretary Cheney heralded as the great new savior in procurement and acquisition?

Mr. **Betti**. Well, the assignment that I gave the Defense Science Board Task Force was not exactly that assignment, but it certainly impinges on the same thing.

Senator **Bumpers**. We do not have studies studying studies, do we?

Mr. **Betti**. No. This is a study to go back and look at the acquisition process itself in great detail—as I mentioned earlier, to chart it so that each step in that process is charted and understood and that we attempt to define the amount of time it takes in each of those steps and then to approach it on the basis of what are the root causes for non-value-added time and then to come up with a road map as to what has to be done to eliminate those root causes.

The objective I gave them, the goal I gave them, was a reduction in time of 50 percent, which I really do not believe is achievable but, as I said earlier, it was my attempt to make sure that they understood I expected for them to be looking at fundamental changes as opposed to tinkering at the edges.

The Defense Management Review, I think, is a step in that direction, but it actually had a much broader view of the management of the Defense Department. This is focusing specifically on each of the steps in the acquisition process and trying to address what it would take to do that part of the process more efficiently. So, there is some linkage, but not a direct overlap. You might call that the son of the DMR if you like.

Senator BUMPERS. So, what you are saying is those two are not necessarily mutually exclusive, but they do take different approaches to the same problem. Is that what you are saying?

Mr. BETTI. If the same problem is defined as managing the process better, yes.

Senator BUMPERS. I just want to reemphasize the statements that you have made here with no comment, but just remind you to look at this before you come up here next year.

You say, "I expect acquisition strategies to link explicitly—to link explicitly milestone and production decisions to demonstrated accomplishments in development, testing and initial production." I am going to have this statement here for you next year, and we will see how well you are doing with it.

Mr. BETTI. I will give you a copy of the memorandum, if you like. There are a few more in here.

Senator BUMPERS. And then finally there is—I want to make the point that—I guess I misspoke myself. The $5.5 billion for the B-2 includes, not just 5 airplanes, but long lead procurements for aircraft numbers 21 through 30. OK. Now, would you submit that for the record, that memo?

Mr. BETTI. This?

Senator BUMPERS. Yes.

Mr. BETTI. Yes, I would be happy to.

[The information follows:]

THE UNDER SECRETARY OF DEFENSE
WASHINGTON, DC 20301

21 FEB 1990

ACQUISITION

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
ATTN: Service Acquisition Executives
CHAIRMEN OF DEFENSE ACQUISITION BOARD COMMITTEES

SUBJECT: Defense Acquisition Board (DAB) Milestone Reviews

Having just completed my first Milestone I review (for the kinetic energy anti-satellite program), I want to indicate my expectations for future such reviews. In this regard, I want to stress that providing a quality product the first time applies to the DAB process as well as to development and production processes.

First, with regard to documentation: I will not convene a milestone DAB unless the documentation is complete, that is, signed by the SAE. The documentation should be agreed to by the cognizant OSD offices, or any major issues should be clearly laid out along with the information needed to make a decision on them.

Second, with regard to acquisition strategy: I expect all programs to have a disciplined, event-driven acquisition strategy that explicitly links milestone and production decisions to demonstrated accomplishments in development, testing, and initial production by means of exit criteria. These criteria should have a direct relationship to the threshold values in the program baseline or to intermediate development events. As a general rule, specific exit criteria should be presented at the milestone review. If it is not possible to provide such criteria at the DAB review, the acquisition strategy must indicate when the specific exit criteria will be made available for my approval. In addition to milestone approvals, exit criteria also will be required for initiation of long lead for low-rate initial production and for initiation of low-rate initial production (if not already covered by a Milestone IIIA).

Third, with regard to contracts to implement the event-driven strategy: Contracts must be written so as to impose the aforementioned linkages between demonstrated accomplishments in development and initial production, and corresponding program phase and production decisions. To provide incentives for the delivery of a timely, quality product, the contractor must be held responsible for the cost of program delays caused by his failure to satisfy exit criteria on schedule. On the other hand, contracts must also delineate government responsibilities related to satisfying exit criteria.

I expect the DAB committee chairmen to ensure that the foregoing principles are adhered to for all programs presented for DAB review.

John A Betti

Senator **Bumpers**. Thank you, Mr. Chairman.

Senator **Inouye**. Thank you very much.

I would like to recognize Senator D'Amato out of order because he has just a statement.

Senator **D'Amato**. Mr. Chairman, I would just like to submit a statement for the record.

Senator **Inouye**. Without objection, so ordered.

[The statement follows:]

STATEMENT OF SENATOR D'AMATO

Thank you, Mr. Chairman. I want to welcome Secretary Betti. I appreciate your appearing this morning to testify.

The submarine force of the United States is entering a prolonged period of gradual, if not precipitous, decline through the next two decades. Various projections have the coming shortfall bottoming out at anywhere from 10-25% of the requirement fixed by the Chief of Naval Operations.

I raise this with you, Mr. Secretary, because the defense management review includes a restructuring of the procurement schedule for the Seawolf [SSN-21] attack submarine. The previous plan of 3 per year has given way to a program of 6 every other year. The justification given for this change is that it will produce significant savings.

My concern is that you are creating a funding spike in a line already under criticism as unaffordable that will make it a lightning rod for those intent on cutting the budget. Similar to the B-2, we will nickel and dime this program to death, thus exacerbating the already perilous attack submarine shortfall.

Thank you, Mr. Chairman.

Senator **Inouye**. Senator Kasten.

Senator **Kasten**. Mr. Chairman, thank you. I just have one question.

ACQUISITION WORK FORCE CHANGES

The Packard Commission report and the Defense Management Report to the President of July 1989 call for "a cultural change" in defense acquisition. One of the Secretary's goals is to establish a more capable and streamlined acquisition work force through a revised civilian personnel system and a specified military personnel career path.

Your reports indicate a plan to reduce defense spending and increase efficiency by eliminating, as I understand it, roughly 43,000 of the 580,000 acquisition personnel.

I am not sure that I understand what you plan to do here. Could you just talk with us about how you will reshape the acquisition work force with regard to the civilian-military mix. Are there changes in training and in compensation that also follow from that change in mix? Overall, what are we looking to in terms of management reform to ensure improvement in quality?

I am particularly concerned about being able to eliminate 43,000 of 580,000. I mean, maybe there are an awful lot of extra people there—can you talk to us about this and maybe you can provide more details if you would prefer in a more detailed written response.

Mr. **Betti**. I guess you have a number of elements of that question, and let me see if I can capture the essence of them.

In the military-civilian mix there is a proposal to civilianize some of the military positions, but that is clearly—I do not know that that is driven by trying to get to a mix number as much as it is driven by an attempt to make the best use of the forces that we believe we have available —by forces I mean civilian and military —that will be available—as a result of the streamlining process.

Senator KASTEN. Let me try to help you through this.

Mr. BETTI. Please.

CIVILIAN VERSUS MILITARY MIX

Senator KASTEN. More specifically, are the 43,000—is that all military?

Mr. BETTI. No; it is total.

Senator KASTEN. Are you changing that mix with regard to military and civilian?

Do you understand my question?

Mr. BETTI. I am trying to think of the answer.

Senator KASTEN. Is the mix going to be the same at the end, or what are you trying to do in terms of the mix? I just do not know. I am asking the question.

Mr. BETTI. We do have the specific numbers of that breakdown. They escape me right now, but my recollection was that it was something like 8,000 and 35,000. It was 8,000 civilians, if I remember correctly, and 35,000 military. Those may not be the right numbers, but it was proportioned like that over the 5-year period.

I am trying to separate that from the fact that part of what we are doing is actually civilianizing some military positions. I cannot answer your question as to whether it has come down in proportion or not out of 582,000 people who were identified as acquisition personnel. If you would like to have the answer to that, I will have to get it, but I just do not recall the numbers.

If I were to pick the basic driver of what we are trying to do now in the acquisition force itself, we are really trying to get the best people we can to perform the acquisition functions. I personally am not nearly as driven as to whether they are military or civilian as I am to getting the kind of talents that we need for some very difficult positions.

That may not be an adequate answer, but I will get you the details if you like.

Senator KASTEN. I do not care. I just do not understand.

You are satisfied that you are going to be able to do a better job with 43,000 less people?

Mr. BETTI. Oh, yes, sir. The reason for that is that the driver is a simplification and streamlining of the process.

As you know, in any organization there is a certain amount of nonvalue-added time that is spent by people. We have a very complicated process that is very difficult to manage, and I think there is no question that we are wasting a lot of time in that process. Some of it we impose on ourselves by all of the paperwork I spoke of earlier before you came in. Some of it is imposed by legislation, and some of it is imposed by inadequately trained people. Some of it is imposed by jerking programs around.

What the DMR is all about is trying to get a higher quality product at less cost, and less cost will involve less manpower. So we would expect just to do a better job more efficiently.

SEPARATE ACQUISITION CORPS

Senator Kasten. I am told that some people are talking about developing something that might be called an acquisition corps or some other group, essentially a group of people who are in the business of acquisition, and they would be separate completely even from the Department of Defense, let alone part of all these different interservice questions and problems that arise at different places.

Is this an idea that we ought to be looking to and considering for the future, or is it an idea that you and the Secretary and others just reject outright?

Mr. Betti. I can give you my personal opinion on that. I frankly believe that it would be a mistake to have an acquisition organization separate from the Department of Defense, and I base that more on my experience in industry than I do on my experience in government.

The reason for that is for the most part, maybe exclusively, the men and women that we put in uniform, and sometimes send in harm's way, are the customers. I think that we cannot divorce the people who are going to determine the products that they use and have a great influence on when they get them and what quality they get. We cannot separate those people too far in the acquisition process.

I find that the organizations in government sometimes do not communicate too well, and putting them in two entirely different departments I do not think is acceptable.

On the other hand, as a result of a lot of the studies that were recited earlier by the chairman, there was also clearly a belief that when the acquisition process was fragmented in each of the services that the most effective job was not being done. The result of that with the Goldwater-Nichols Act was to partially centralize, if you will, but still within the Department of Defense.

Now how far that centralization should go, in my own mind I am waiting to learn more about the process in detail, but I certainly would not support moving it out of the Department of Defense.

Senator Kasten. Thank you very much.

Mr. Chairman, thank you.

Senator Inouye. Thank you.

PROCESSING TRANSCRIPTS

While you were responding to some of the questions, I just could not help but think of one of the problems we have in procedure in this committee. I would like to share with you some information on what we go through here in the Senate.

When I participate in a debate on the floor, I am given approximately 2 hours, if I so desire, to correct my statement. I may have said a billion instead of a million. So we look at the raw transcript and make the necessary corrections, sometimes grammatical errors.

We have the same procedure with witnesses. Because of the unique nature of the testimony that this committee receives, tomorrow your Office will receive a raw transcript of your statement, plus your responses ~~and our~~ questions. From experience, it takes at least 30 days before we receive the so-called cleaned transcript. It is at least 30 days but usually about a month and a half.

It is the same thing with questions that we submit. It takes about a month and a half to receive the response.

This committee is always subjected to criticism from the public. They want a record of the hearings. They want to know what the witnesses said, and we are not able to provide them with the record in a timely fashion because we have not yet had the clear testimony.

I would hope that in your review of speeding up the process you would advise your staffpeople to do what we in the Senate do. We do it in less than 2 hours.

Mr. BETTI. That is better than my 48 hours on ADM's.

Senator INOUYE. I can understand certain questions, say, on major weapons systems might take much, much longer than 2 hours, but I think a month and a half is stretching it too much. So I would appreciate your telling the staffpeople in DOD to speed up the process.

Oftentimes we are not able to meet our tentative schedule on markups because we do not have the information before us. Otherwise, we would be forced to act without the necessary information, and I do not wish to proceed in that fashion.

COMITY BETWEEN CONGRESS AND EXECUTIVE BRANCH

The following question is a very sensitive one relating to the relationship between the executive and the legislator.

The fiscal year 1990 Defense Appropriations Act states that the Secretary of the Air Force shall obligate $50 million of fiscal year 1989 funds to carry out research, development, tests and evaluation to provide cruise missile capability on the B-1B. As of this moment, DOD and the Air Force have refused to follow the statutory statement of manager's language regarding this.

I would like to know if DOD intends to comply with the law on this matter without further delay.

As you may know, DOD has indicated it will not comply with other Appropriations Committee guidance because it is only "report language." This apparent policy when added to the deferrals that GAO has declared to be less than legal I believe further threatens the comity and cooperation between the Congress and the executive branch which is so necessary on defense matters.

If we are not able to improve this situation, the next step for Congress may be to incorporate more and more direction into the statute, which I do not think you would like to have—you would like to have greater flexibility—along with tighter funding restrictions to encourage compliance.

I do not suppose you can give us a response as to whether DOD intends to comply with this fiscal year 1990 direction, that I would hope that you will pass on the message to the Secretary and others that this matter is, I think, the cause of much unnecessary friction between the executive branch and Congress. I think we can do better than that.

Mr. BETTI. I certainly will pass that message along, Mr. Chairman.

Senator **Inouye**. As you can see, we are presently involved in a major discussion with the executive office on deferrals. That is a very, very sensitive item of discussion, and I hate to add to it. We are trying our best to be as cooperative as possible, and we will continue to do that. It makes it difficult with this type of arrangement at the present time.

SUBMITTED QUESTIONS

Mr. Secretary, I would like to submit a whole ream of questions to you. These are all very technical, and it would not be, I think, useful to expect you to respond to them at this time. So I hope you will study these questions and submit your responses in a timely fashion.

Mr. **Betti**. We will do so in a timely fashion, yes, sir.

Senator **Inouye**. With that, I thank you very much, Mr. Secretary.

We will submit the balance of the questions for response in the record.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR INOUYE

ADVANCED MEDIUM RANGE AIR-TO-AIR MISSILE (AMRAAM)

QUESTION: On 11 December 1989, you signed an "Acquisition Decision Memorandum" on AMRAAM stating, in part, that prior to the Milestone IIIB full rate production decision, AMRAAM must successfully complete the Captive Carry Reliability Program on the F-15 aircraft. In light of recent hardware failures, the committee has been informed that it is very unlikely that the AMRAAM will obtain the required 200 hours mean time between maintenance before the scheduled May 1990 review.

-- Mr Betti, has the May 1990 AMRAAM DAB review been postponed?

ANSWER: I set the Advanced Medium Range Air-to-Air Missile (AMRAAM) Milestone IIIB (Full-Rate Production) Defense Acquisition Board (DAB) review for May 1990 at the Air Force's request. This was based on the Air Force's belief that the AMRAAM would successfully complete its operational performance and reliability testing in sufficient time to meet an end of May 1990 DAB Milestone IIIB review. Because of reliability failures in the AMRAAM the Air Force suspended missile acceptance on February 8, 1990. The DAB reviewed the AMRAAM program on April 11, 1990. The Air Force and three Air Force sponsored assessment teams presented their findings. Based on the results of that review, we have postponed the May 1990 Milestone IIIB review until the AMRAAM can meet the full-rate production decision criteria, and tasked the Air Force to construct a complete correction action and reliability improvement plan for my review.

QUESTION: Mr. Betti, the Air Force has stopped accepting production missiles from the contractors because of "quality control problems." What effect will this decision have on the AMRAAM's scheduled April 1990 initial operational capability (IOC)?

ANSWER: The decision to stop missile acceptance will cause the IOC date for AMRAAM to slip to June 1990 or later (depending on length of the stoppage).

QUESTION. Mr. Betti, another requirement you have placed on the AMRAAM full rate decision is the successful completion of the "4 by 4" test. Would you please tell the committee what this test is and what will be considered a passing grade on this test?

ANSWER. The "4 v 4" test is to demonstrate the capability of AMRAAM to simultaneously attack multiple targets in a complex electronic countermeasures (ECM) and friendly electromagnetic interference (EMI) environment. Four AMRAAM's will be fired from a single F-15, and simultaneously guided against four targets. Success of this test will be based on two of the four missiles guiding to within lethal range and fusing on its target.

QUESTION. Mr. Betti, where did the requirement for the "4 by 4" test originate and why do you consider this test critical to the full rate production decision?

ANSWER. The requirement for the "4 v 4" test originated to demonstrate required operational characteristics of the missile. The test is designed to show the missile can:

1. attack targets in a look-down/shoot-down situation

2. operate autonomously,
3. attack multiple targets
4. operate effectively in an electronic countermeasures and electromagnetic interference environment.

This test was unsuccessfully attempted in August 1989. Findings from this initial test identified problems to be corrected in the launch aircraft's radar and the missile's software. A build-up test of two missiles against four targets was successfully accomplished on March 23, 1990. One of the missiles passed within lethal range of its target, and the other missile scored a direct hit. The retest of four missiles against four targets is scheduled for April 1990. This test is critical to the full rate production decision because success will verify a critical performance threshold necessary for making the production decision.

QUESTION: Do you consider the B-2 program's current procurement profile to be excessively concurrent with full testing of the bomber's critical performance parameters?

ANSWER: Concurrency between full-scale development and production exists on the B-2 program. We do not consider the concurrency excessive because the B-2 development and production programs were closely integrated from program inception. Concurrency between development and production gives rise to two types of risk:

(1) the risk that a workable design is not producible without modification or that manufacturing processes are not sufficiently mature when production begins, and

(2) the risk that the design is not sufficiently mature to begin production.

Past studies show that producibility is not a function of concurrency. Rather, it is a function of effort expended to ensure that planning and preparation for production is complete by the time production starts.

On the B-2 program, the requirement for low observable performance led to a degree of tightness in tolerances for mating surfaces not previously experienced in aircraft design and production. Producibility and production processes were an integral part of the B-2 design to ensure that these tolerances could be met. Also, the first test aircraft production required the same hard tooling as will be used in full rate production. Consequently, producibility risk, from the standpoint of preparation for production, is considered minimal for the B-2 program.

The design maturity risk in the B-2 program is being addressed in part with a "system maturity matrix." Future major production decisions will be made on the basis of demonstrated progress measured against previously identified performance thresholds. This is a checks and balances mechanism, agreed to with the Congress, to manage risk associated with concurrency.

Normally, change activity on a program is an indicator of design maturity. On the test aircraft being produced under the B-2 Full Scale Development program, design changes have led to some changes in the manufacture and assembly of aircraft. While these changes have caused some delays, none of them have required a major change in the program. For example, no major tooling revisions were required.

The B-2 program has minimized the risk normally associated with concurrency.

QUESTION. The FY 90/91 Defense Authorization Act requires DOD to establish guidelines for determining appropriate concurrency in weapons program, and to report on the risks associate with concurrency in current major programs. Mr. Betti, earlier this month you wrote to say you were dissatisfied with drafts of the required reports to Congress. What were the deficiencies you noted with DoD's attempts to address the concurrency problems? What is the current status of these efforts?

ANSWER. As I noted in my March 8, 1990, letter to Chairman Inouye, I was not satisfied with the wording of the draft reports. This does not necessarily mean that I am dissatisfied with the way we are addressing concurrency and risk. The required reports will present guidelines for assessing concurrency and risk, as well as providing an evaluation of concurrency in existing programs. I expect to forward those reports by mid-April as promised in my March 7th letter.

APPROPRIATE DEGREE OF CONCURRENCY

QUESTION. In general, how would you evaluate what degree of concurrency is acceptable in a major weapons acquisition program?

ANSWER. Each program must be judged on a case-by-case basis. The amount of concurrency built into a program is a matter of judgment involving tradeoffs of cost, risk, schedule, and performance. High concurrency doesn't necessarily mean the overall program risk is high. Conversely, a low degree of concurrency does not mean that a program is risk-free.

If there is a fundamental principle involved here, it is that a program's acquisition strategy should contain a sequence of events that links milestone and production decisions to demonstrated accomplishments.

I have recently integrated more rigor into the Defense Acquisition Board (DAB) reviews of major acquisitions by calling for an event-driven acquisition strategy that explicitly links milestone decisions to demonstrated accomplishments in development, testing, and initial production. We carefully review the risk in every program, and concurrency is an aspect of risk to which we pay close attention.

OPPORTUNITIES TO REDUCE

QUESTION. Do changes in the world environment, and in the threat of armed conflict with the Soviet Union, give DoD the opportunity to reduce the degrees of concurrency in current and future acquisition programs?

ANSWER. I believe that the lessening of the threat of armed conflict does impact the degree of concurrency we introduce into the plans for new programs, and I would expect fewer programs in the future with moderate or high degrees of concurrency if trends in Europe continue.

However, concurrency, per se, is not necessarily an undersirable program feature. A total avoidance of concurrency would lead to a series of time consuming and costly gaps in programs as they proceed through development and into production.

In addition, it will be difficult to drastically alter ongoing, existing developments. The termination or restructuring of contracts can be very costly. Therefore, the emphasis on reducing concurrency will be on programs where we are just formulating the acquisition strategy. I have issued interim guidance to increase the rigor of the review that emphasizes proceeding into production only on the basis of demonstrated accomplishments and will shortly reissue the appropriate DoD directives to address the Committee's concerns about concurrency and risk assessment.

Major Automated Information Systems Review

QUESTION: Mr. Betti, the Department of Defense has had a great deal of difficulty managing the development and acquisition of its automated information systems. The Defense Management Review recently reported to the President and suggested shifting the responsibilities for major automated information system acquisition from the Major Automated Information System Review Council (MAISRC) to the Defense Acquisition Board (DAB). Why has the Department shifted these responsibilities?

ANSWER: The Defense Management Report (DMR) to the President directed the USD(A) and the Comptroller to propose recommendations for integrating the MAISRC and the DAB. The rationale supporting this direction was that DoD needed to consolidate acquisition policy and decision-making under the USD(A) and to have one acquisition oversight mechanism. This step of consolidation was implemented in October 1989. Further actions will be reviewed after the Executive Level Group for Corporate Information Management completes its plan, currently anticipated in early 1991.

QUESTION: Was the MAISRC consulted in the development of the Corporate Information Management Initiative?

ANSWER: The Department's top leadership were all involved in formulating the Corporate Information Management initiative. Most of the members of the MAISRC were participants in these discussions.

CHANGE IN ACQUISITION REVIEW AUTHORITY

QUESTION. Mr. Betti, the defense acquisition process has received a great deal of attention for the past several years, focused primarily on the need for management reforms and increased oversight in weapons acquisition. Recently, you signed a directive which moved the authority to withhold funds from contractors to your office from the Office of the Director of Defense Research and Engineering.

-- What was the rationale behind this decision?

ANSWER. To assure that my office withholds funds only when that action is absolutely necessary, I have reserved to myself or my Principal Deputy the USD(A)'s authority to initiate withholds. In the interest of consistency, I also reserved the authority to approve releases. A copy of the memorandum acknowledging this change is attached.

If we expect the recently streamlined acquisition and program management chain of command to work, then we should provide those officials as much managerial flexibility and as stable a funding environment as we can. We want to place fully on the program managers and program executive officers the authority and responsibility for managing their programs.

We will withhold funds from programs where it is necessary in order to assure an appropriate review of critical elements of those programs. However, I had been advised by program managers that in their judgment fund withholds sometimes create funding instability and complicate their management task. Therefore, I am taking steps to minimize the withholding of funds.

It is worth noting that funds (obligational authority) are withheld from the program managers and not directly from the contractors. In addition, prior to my reservation of the authority, the Assistant Secretary of Defense (C3I) and the Assistant Secretary of Defense (P&L) as well as the DDR&E had authority to approve the withholding of funds. Thus, this policy change did not affect only the DDR&E.

THE UNDER SECRETARY OF DEFENSE

WASHINGTON, DC 20301

26 JAN 1990

ACQUISITION

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
DIRECTORS OF DEFENSE AGENCIES

SUBJECT: Funding Withholds

In recent consultations the Program Executive Officers (PEOs) and Program Managers (PMs) have told me that the withholding of program funds to enforce review opportunities by higher echelons contributes significantly to program instability. Reducing program instability and providing appropriate managerial flexibility, responsibility, and accountability are major thrusts of the acquisition reforms.

To assure that my office withholds funds only when that action is absolutely necessary, I have reserved to myself or my Principal Deputy the USD(A)'s authority to initiate withholds and approve releases. My goal is to provide the PMs maximum managerial flexibility and to reduce instability in their funding. This management philosophy and practice places fully on the PM the authority and responsibility to ensure compliance with the Department's policies and the Defense Acquisition Board's directives. It in no way indicates any reduction in my desire for disciplined and responsive management of our acquisition programs. Rather, it signals my belief that self-disciplined and responsible program managers are a more responsive and cost-effective control system than are a series of hierarchical reviews.

In order to provide a rapid implementation of this management practice, I am undertaking a personal review of existing withholds for the purpose of releasing as many as possible.

In addition, I will undertake discussions with the DoD Comptroller concerning a reduction of withholds initiated by his staff.

I expect and encourage each of you to implement this management practice in the imposition of withholds. I will appreciate being informed by the SAE's within the next 30 days on the current status of any withholds imposed by the Services and of their progress in reducing those managerial constraints.

John Betti

CHANGE IN ACQUISITION REVIEW AUTHORITY

QUESTION. Has there been a change in the role of the Directorate of Defense Research and Engineering in the acquisition process.

ANSWER. There has been no change in the role of the DDR&E in the acquisition process. There has been a change from the period prior to creation of the Office of the Under Secretary of Defense (Acquisition). During that earlier period the majority of the staff making up the Office of the Director, Defense Research and Engineering was part of the Office of the Under Secretary of Defense (Research and Engineering). Some of the authorities of the USD(R&E) now reside with the USD(A). The authority to initiate fund withholds is one of those authorities.

The DDR&E and his staff are major contributors to the acquisition process. I highly value their analyses and support and rely on them greatly.

I am confident that the members of this committee share my perception that the changes in the organizations that contribute to the acquisition process, and in the process itself, that were prompted by the Packard Commission and legislation, were aimed at strengthening the Department's capabilities and streamlining the process, and were not intended to reflect negatively on any of the organizational elements. The exercise of the authority to initiate fund withholds at the USD(A) level rather than the DDR&E level is necessary to ensure a consistent application across the USD(A) organization. It should not be interpreted as reflecting adversely on any of the subordinate USD(A) organizations.

SERVICE COMPLIANCE WITH ACQUISITION DECISIONS

QUESTION. What leverage does OSD have to ensure Service compliance with DAB decisions for weapon systems?

ANSWER. My charter (DoD Directive 5134.1 signed by the Secretary of Defense) was significantly strengthened in August 1989 giving me authority to direct the Secretaries of the Military Departments with respect to acquisition matters. The charter also gives me signature authority for milestone decisions that was formerly reserved for the Secretary of Defense.

I have decided to increase my oversight of the decision memos resulting from Defense Acquisition Board (DAB) reviews of major systems. I follow-up on the significant action items in each DAB decision memo on a bi-weekly basis to certify that the decisions are indeed being implemented by the Services. I also meet weekly with the Service Acquisition Executives to discuss generic issues and policy concerns.

B-1B PROGRAM

QUESTION: The Fiscal 1990 Defense Appropriations Act states that the Secretary of the Air Force shall obligate $50 million of fiscal 1989 funds to carry out research, development, test, and evaluation to provide cruise missile capability on the B-1B aircraft. Does DoD intend to comply with the law on this matter without further delay?

ANSWER: The Air Force has successfully demonstrated that the B-1B has inherent capabilities as a cruise missile platform. This was shown by the two successful launches of the Air Launched Cruise Missile (AGM-86B) from the internal bay and external carriage of Advanced Cruise Missile shapes.

The Air Force does not have an operational requirement for the B-1B to carry cruise missiles and intends to use the B-1B as a penetrating bomber through the 1990's. Congressional direction to redirect $50 million of FY89 RDT&E funds for cruise missile RDT&E severely reduces the B-1B program's ability to complete the remaining RDT&E baseline efforts. Given the aircraft's mission as a penetrator, the Air Force believes that development and flight testing efforts should focus on higher pay off capabilities such as terrain following, flight controls, and defensive avionics.

Plans to obligate $50 million for B-1B cruise missile testing are under review within the Department, and will be available when a decision has been made.

QUESTION: The FY 1990 DoD Appropriations Act Statement of the Managers requires that Defense Department requests to use funds to fix the B-1B's electronic countermeasures systems be transacted under normal reprogramming procedures.

DoD refuses to comply with this direction. The Air Force states it will not comply in the future--by direction of the Office of the Secretary of Defense. Will the Defense Department comply with this language?

ANSWER: The Department fully intends to comply with the statutory requirements of the FY 1990 Appropriations and Authorization Acts to notify the Congress prior to applying expired or M account funding to correct the B-1B electronic countermeasures system. The Department does not consider itself bound to the language in Committee reports. The Department does not consider a reprogramming action to be an appropriate vehicle for such notification. The purpose of reprogramming actions is to adjust individual program funding values. Upon appropriation lapse, all available funds are consolidated and monitored at the appropriation level, and the funding loses its individual program identity. Since the reprogramming process would not reflect the program values, it is not employed after appropriation expiration. Therefore, it is the Department's intent to provide letter notification before applying expired or M account funding to the B-1B program.

The Department recognizes the need to ensure congressional visibility into the B-1B program and will keep the Congress fully apprised of the B-1B program's status.

REPROGRAMMING OF NATO R&D FUNDS

QUESTION. The Conference Statement of Managers directs that funds from a canceled NATO RDT&E project be reallocated to two higher priority efforts. Twenty-five million dollars from the defunct Modular Standoff Weapon System would fund the Artificial Neural Networks System computing project and the Joint-DoD-Energy Department Munitions effort.

DoD refuses to submit the reprogramming request to implement this reallocation. Will the Defense Department comply with this direction?

ANSWER. DoD is taking action in compliance with the direction to reprogram prior year RDT&E funds from the canceled Modular Standoff Weapon System (MSOW). The FY 1989 column of the FY 1990 President's Budget contained insufficient MSOW resources to comply with the SAC direction to reprogram $25M to two higher priority requirements (Artificial Neural Networks and Joint DoD-DOE Munitions). In fact, only $.8M was available in the Joint Standoff Weapon program and $3.2M of NATO RDT&E funds were budgeted for MSOW for FY 1989. MSOW was not funded beyond FY 1989. DoD is reprogramming these funds, below threshhold, to the higher priority requirements as directed by the SAC. DoD is considering reprogramming additional FY 1990 RDT&E funds, also below threshhold to these two programs.

ADVANCE NOTIFICATION, NATO R&D MOUs

QUESTION. The Conference Statement of Managers directs that the Appropriations Committees be given 30 days advance notice of new and amended memoranda of agreement under the NATO R&D program. DoD lawyers are advising NATO R&D project managers to ignore this direction. Will DoD comply with this Congressional direction?

ANSWER. At the time of the hearing, this matter was undergoing legal review by the General Counsel, Department of Defense. That review has concluded. It is clear that there is no legal obligation to comply with any Committee direction which is not embodied in duly enacted law. Moreover, the President, in his signing statement accompanying H.R. 2461, the National Defense Authorization Act for Fiscal Years 1990 and 1991, noted his concern about provisions that derogate from the President's authority under the Constitution to conduct foreign affairs. In the spirit of comity, however, there is nothing to preclude the DoD from voluntarily providing an advance notification to the Committee, in appropriate circumstances, if such action would be consistent with Administration Policy and the Executive Branch's Constitutional prerogative to negotiate and conclude international agreements. Policy options are now being developed that will attempt to satisfy the Committee's requirement and protect the Executive Branch's foreign policy prerogatives. Appropriate guidance will then be issued by the Department.

QUESTION SUBMITTED BY SENATOR BYRD

Service Acquisition Corps Implementation

QUESTION. Early in his Administration, President Bush directed the Secretary of Defense to undertake a review of defense management practices. In response, Secretary Cheney sent the Defense Management Report to the President in July, 1989. This report provided a plan to implement fully the Packard Commission's recommendations, particularly as they applied to improved performance of the defense acquisition system. In early January, 1990, the Defense Department issued a progress report describing the steps being taken to fulfill the terms of the President's directive. Under plans set forth in the Defense Management Report, both military officers and civilians are to be provided specialized education and training, attractive and equitable career paths, and opportunities for promotion to the highest level. What concrete steps have been taken, so far, to make this concept of a dedicated acquisition corps a reality? Please explain how the military-civilian acquisition workforce is being integrated and how the services differ in their personnel plans for a dedicated acquisition corps.

ANSWER. The Defense Management Report required the Secretaries of the Military Departments to develop plans for dedicated corps of officers who will make a full-time career as acquisition specialists. Each Service quickly developed and submitted specific plans by capitalizing on programs that were in place or in planning prior to the Defense Management Report. Each plan is tailored to the Services' unique missions and unique organizations and yet, at the same time they are very similar.

The Services are currently in the process of identifying personnel who will be in their Acquisition Corps and the positions that will be filled by Acquisition Corps designated individuals. Each military department has established a focal point, in the form of an individual or a council, that will be responsible to oversee, on behalf of their Acquisition Executive, the successful implementation of the Acquisition Corps. In addition, the new structures and opportunities are being highly publicized in order to attract the best quality military and civilian personnel to the acquisition career fields.

As stated, both civilians and military are included. As opposed to the situation that existed in the past, members of the acquisition corps will have an identifiable structure to their education, training, assignment, career development, and progression. There will also be particular attention paid to ensuring viable career and promotion opportunities so that we can attract and retain high quality personnel.

QUESTIONS SUBMITTED BY SENATOR DECONCINI

Contracting Reform

QUESTION: Recently, the Commercial Products Acquisition Team (COMPACT) submitted to Deputy Assistant Secretary Eleanor Spector a restructured contract form to simplify the way the government buys off-the-shelf products. As the FY90 Defense Authorization Act mandated that a uniform contract clause be drafted and implemented within three months after the bill was signed into law, I would like to know:

A. How the COMPACT-submitted form assists the Defense Department in meeting the congressional mandate?

B. How your office has complied with Congress' direction to simplify the contracting process to date?

C. How the suggested contract form fits in with your proposals to streamline and consolidate the acquisition and procurement process?

ANSWER:

A. The COMPACT draft is conceptually similar to regulatory coverage we are developing for the procurement of commercial and non-developmental items. As required by Section 824(b) of the FY 90/91 DOD Authorization Act, the proposed regulatory coverage will be published for public comment by May 29, 1990; 180 days following enactment of the Act.

B.1. The Defense Management Review has recommended changes to the Defense Federal Acquisition Regulatory Supplement (DFARS), the Military Department and Defense Agency regulatory supplements and the contract clauses in use by DOD contracting activities. These changes will simplify the contracting process by reducing the amount of regulatory guidance, clarifying the remaining guidance and reducing the number of contract clauses our contractors and contracting personnel must contend with. The changes also will increase standardization of DOD's contracts and contracting practices. We have begun to implement the recommended changes and anticipate publishing a simplified DFARS for public comment in August 1990.

2. Twenty items currently being procured using military specifications have been identified as candidates for a commercial products demonstration program. The demonstration program, required by section 824(e) of the Act, will test our ability to procure a variety of items on a commercial basis.

3. The regulations being developed for the acquisition of commercial and non-developmental items will:

a. Simplify solicitations and contracts for commercial items;

CONTRACTING REFORM

b. Prohibit the use of Government specified designs, manufacturing processes or procedures;

c. Prohibit the use of any military specifications or standards which would restrict a contractor's ability to satisfy the Government's requirement;

d. Emphasize reliance on commercial inspection, and quality systems;

e. Require the use of commercial packaging and marking to the maximum extent practicable;

f. Permit contractors to submit offers electronically or on computer disks; and

g. Modify some FAR and DFARS clauses to more closely reflect commercial practices.

C. The COMPACT draft standard contract form is based upon concepts which are very similar to the concepts upon which the DOD draft regulations are based. However, our regulations must include the flexibility to use contracting methods such as options and orders under requirements contracts which, when used appropriately, can significantly shorten acquisition lead times and simplify the contracting process. The COMPACT draft does not include specific coverage for these contracting methods.

Streamlining

QUESTION: In your testimony, you speak of the need to cut in half the length of the acquisition process. What are the estimated savings to the government over the next few years as a result of this streamlining initiative?

ANSWER: I have established a streamlining task force under the auspices of the Defense Science Board which includes members from industry, the Services, the Office of the Secretary of Defense and two Capitol Hill staff members. The objective of the task force is to provide a road map of how to reduce by 50% the time required to acquire military equipment.

At this time the work of the task force is underway. However, it is premature at this time to provide estimated savings to the government over the next few years as a result of this streamlining initiative. The Defense Science Board is expected to report their findings and recommendations to me next year. At that time I may have estimated savings.

DoD Management Reform

Question: "M" Accounts: On March 7, 1990, Representative John Dingell sent a strongly worded letter to House Budget Committee Chairman Leon Panetta alleging that there is a Defense Department "slush fund" totalling nearly $43 billion. While I question the use of the term "slush fund," I am very concerned about the existence of a fund into which DoD might be able to tap to fund projects that have not been specifically approved by Congress or which have been specifically cancelled by Congress. I would like you to provide me with details on the "M" and Merged Surplus Accounts at the Treasury Department and the Defense Department's access to these accounts.

Answer: The Merged Surplus Account is a memorandum account that while officially belonging to the Treasury is maintained by the Agency that originally established the account. All Federal agencies that have annual and multiple-year appropriated funds have a memorandum Merged Surplus Account. All Agencies are required by law to maintain this account and report the net withdrawals and restorations to the Treasury Department on an annual basis. The procedures for use of this account have been approved by GAO and OMB. The DOD and other Federal agencies are allowed access/use of this account (restorations) only for valid within scope upward obligation adjustments. The Merged Surplus Fund is not a secret slush fund, nor does it represent cash or other assets. Withdrawals to or restorations from this account do not affect the cash balance of the Treasury Department. The DoD balance of the Surplus Fund which includes both the expired years and the merged balances as of September 30, 1989, was $31.8 billion.

The "M" Account represents the unliquidated or unpaid obligations that remain after an appropriated account has been expired for two fiscal years. The unliquidated balance then loses its fiscal year identity and remains in the "M" account until expended or deobligated. The unliquidated balance of all the DoD "M" accounts as of September 30, 1989, was $18.7 billion which represents the balances in over 80 accounts. The DoD has complete access to and responsibility for these accounts since they represent obligated balances of the DoD.

Question: Rep. Dingell states that he had "always believed that congressional appropriations had to be obligated or spent within the period specifed by law." If they were not obligated or spent during that period of time, I thought they lapsed and were to be returned to the General Fund of the Treausury...(While the funds do lapse, they) are then laundered through the U.S. Treasury and come back to the Military Services as no-year "M" accounts. Would you evaluate that statement and clarify the process it describes?

Answer: While all funds must be obligated within the period specified by law or withdrawn to the Surplus Fund, obligated funds move into an expired status for two years and then into the "M" account where they remain without limitation until expended or deobligated.

Although the Merged Surplus Fund and the "M" account are both merged accounts and the "M" accounts restore funds from the Merged Surplus Fund for valid within scope upward obligation adjustments they are separate and distinct accounts representing two different types of balances.

Question: Are the "M" account funds administered by the military services? If so, why are they handled by DoD officials and not Treasury officials?

Answer: Yes. The "M" accounts which represent the obligated balances of the DoD are administered by the Military Services. These accounts are not administered by Treasury because these funds were not appropriated to the Treasury.

Question: Is the Defense Department able to "dip into" these accounts whenever it pleases?

Answer: There are three types of transactions that occur in the "M" account: (1) Obligated balances are liquidated when contractor bills are presented for payment (disbursements), (2) through periodic review obligated balances are determined to no longer be valid and are therefore deobligated and the deobligated amounts are transferred to the Merged Surplus Fund, and (3) If a valid within scope upward obligation adjustment is required, funds are restored from the Merged Surplus Fund to the "M" account. It is illegal to incur new obligations in the "M" account and various rules, regulations and legal restrictions exist to prevent other than valid within scope upward obligations in the "M" account.

Question: Who has oversight on the accounts or the responsibility for final approval of use of these funds?

Answer: The Military Departments have oversight responsibility for the "M" accounts and the Merged

Surplus balances that pertain to their appropriation accounts. Responsibility for final approval of use of the Merged Surplus Fund depends upon the dollar amount of the restoration and often a legal interpretation of the terms of the contract. The approval process is all within the Department of Defense . However, prior notification to Congress is required if the adjustment is over $25 million.

Question: Are there any programs which Congress has specifically cancelled which are currently being funded through the "M" and Merged Surplus accounts? Could we ever find ourselves in such a situation in the future if these accounts continue to exist at such high levels?

Answer: If funds were obligated for a program that Congress subsequently cancelled, these obligated amounts could now be in "M" account. A valid upward obligation adjustment to these existing contracts could necessitate a restoration from the Merged Surplus Fund. If a program is cancelled during the budget process by Congress, no funds would be in the "M" account. Whether the balances in the Surplus Fund or the "M" account are large or minimal should have no effect on the restoration process.

Question: Last year, the House Defense Appropriations Subcommittee discovered that the Air Force had misused $238 million from the "M" account. To date this has not been corrected. Why has there been a delay in correcting this situation? What are the circumstances surrounding this misuse of funds? When is this situation expected to be corrected?

Answer: Air Force auditors discovered that a revised fuel accounting system had been undercharging Operation and Maintenance, Air Force since the early 1980s for fuel purchased through the Air Force Stock Fund. This meant that O&M obligations for fuel from those years were not being charged for disbursements, causing a cash shortfall in the Stock Fund and a buildup of undisbursed M account balances. The Air Force charged the O&M appropriations, which had aged into the M account, for the unpaid fuel. The General Accounting Office ruled that the charging of the M account lacked sufficient line item detail and should be reversed. The House Defense Appropriations Subcommittee directed that the M account be repaid.

The 1991 budget includes a request for $79.3 million for the Air Force Stock Fund to repay the M account as directed by the House Appropriations Committee. This represents one third of the amount required to be paid back over three years and meets the timetable agreed to by House Appropriations Committee.

SUBCOMMITTEE RECESS

Senator INOUYE. This subcommittee will stand in recess until next Tuesday, March 27, 1990, at 2 p.m., when we will meet to consider manpower and personnel issues in the Armed Forces.

Thank you, Secretary Betti.

Mr. BETTI. Thank you very much.

[Whereupon, at 11:08 a.m., Thursday, March 22, the subcommittee was recessed, to reconvene at 2 p.m., Tuesday, March 27.]

DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 1991

TUESDAY, MARCH 27, 1990

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 2:30 p.m., in room SD-138, Dirksen Senate Office Building, Hon. Daniel K. Inouye (chairman) presiding.

Present: Senators Inouye, Bumpers, Stevens, and D'Amato.

DEPARTMENT OF DEFENSE

WOMEN IN THE MILITARY AND ENLISTED PERSONNEL ISSUES

STATEMENT OF MS. MEREDITH NEIZER, CHAIRPERSON, DEFENSE ADVISORY COMMITTEE ON WOMEN IN THE SERVICES

OPENING REMARKS OF SENATOR INOUYE

Senator INOUYE. The subcommittee will please come to order.

This afternoon, we will be hearing from a number of witnesses on programs to be funded in fiscal year 1991 defense appropriations bill. Our first panel of witnesses will be concerned with the role of women in the military services.

In their history, far-reaching changes have occurred in the armed services of our country. Perhaps none have been greater than those which have come about as a result of the increasingly important role of women in the military, and the greater number of women who have chosen to make the military a career. In 1973, women comprised only 2.5 percent of the total authorized strength. Today, over 10 percent of our Armed Forces are women.

In the years past, the occupational specialties open to women tended to cluster around so-called traditional female roles—secretarial, administrative, supply careers. Today, women are actively being recruited for nontraditional specialties, and they now pursue careers in fields that once were largely closed to them.

When the women's services were integrated into what had been all-male services, women could not command or hold permanent rank above lieutenant colonel or commander, except in the medical field. Today, women hold high ranks—and they command—in most career fields in the military services.

The list of challenges and accomplishments could go on and on, but the point is clear. Having started in a field that seemed not to want them greatly, women have made themselves an integral and necessary part of the Nation's defenses today.

This success has not been achieved without pain. The increasing presence of women in military services has necessitated changes in the military's ways of doing business, changes which have not always been easy to bring about. Indeed, some women continue to be made to feel that they have invaded an all-male enclave where their presence is at best tolerated, not welcomed.

Attitudes have changed, but they have not changed enough. We continue to hear complaints of sexual harassment, and too often in what I hope is the past, the attitude of the military services has been, "Oh well, boys will be boys." It is quite clear, to me at least, that this attitude should never have been tolerated and cannot be tolerated now.

Of particular concern is the incidence of what has been termed "date rape." Although this obviously occurs in other sectors of our society, in the military the problem is compounded by the added vulnerability of women to those who attempt to exploit the hierarchy of rank.

On the positive side, the Department of Defense has sent the word down from the top that harassment is not acceptable and that it will be dealt with in an appropriate manner. It is now up to the services and leaders at all levels to make the policy work.

So far, I have spoken only of the women who are serving in the military, but I have not forgotten the other women who are an indivisible and an important part of the military establishment—the wives of military members. Without the selfless dedication and willingness to sacrifice of these women, the military as we know it today could not function.

Since this is the first hearing the subcommittee has held on the role of women in the military, we will today focus on those actually in uniform. I can assure all who are concerned, however, that in our deliberations on the budget we try to never lose sight of the vital role played by military wives.

REPROGRAMMING TO REPAY MILITARY PERSONNEL ACCOUNTS

Before we begin hearing testimony, there is one subject I would like to speak to briefly. As you are all aware, the Department has submitted to the Congress reprogrammings totaling almost $1 billion to repay military personnel accounts for losses suffered as a result of the sequestration of funds under the Gramm-Rudman-Hollings Act.

The House Armed Services Committee has denied this reprogramming, and the Senate Armed Services Committee has approved it partially. As yet, neither of the Appropriations Committees has acted.

The newspapers have portrayed the failure of the Congress to approve these reprogrammings as a ploy of partisan politics, as an attempt by the Democrats in Congress to place the Republican administration in an embarrassing position, and I am here to tell you that this is not true.

The President had the authority to exempt military personnel accounts from the effects of sequestration, and he chose not to do so. Instead, he has proposed to transfer funds provided by the Congress for other purposes to pay for the shortfall in funding for military personnel.

As I see it, this is a basic challenge to the power of the purse which our Constitution vests in the Congress as that branch of government which is closest and most responsive to the people.

As many of you know, last year, after hearing your complaints about inadequate health care, the Congress added $90 million for increased medical support personnel. Should we leave it to the President alone to decide whether to spend this money to improve your health care? I think not.

That is the question which is involved in the military personnel reprogrammings and the deferral of spending funds appropriated by the Congress for other purposes, and you have my assurance that this subcommittee will act on the military personnel reprogrammings in a responsible manner.

WOMEN IN THE MILITARY

Now, if I may return to the subject at hand, we will be hearing from the following groups today: a panel on women in the military, a panel composed of the top enlisted advisors in the four services, two nonmilitary interest groups, and the commander of the Tripler Army Medical Center.

It is my pleasure to welcome our first panel. We have invited three distinguished women to testify on the triumphs and problems women experience in military services, Ms. Meredith Neizer, Chairperson of the Defense Advisory Committee on Women in the Services, better known as DACOWITS; Rear Adm. Roberta L. Hazard, Director of the Pride, Professionalism, and Personal Excellence Division of the Office of the Chief of Naval Operations, and the highest ranking woman in the military; and Chief M. Sgt. Kathy Ballard, Vice President for College Relations of the Community College of the Air Force at Maxwell Air Force Base, AL.

Before we proceed, I am most pleased to call upon my colleague from Alaska, the senior Republican, Senator Stevens.

Senator STEVENS. Thank you very much. I welcome the witnesses here, Mr. Chairman. I am involved in some negotiations on the bill on the floor, but I do want to come over and pay my respects to you and to listen to your statements. I will have to return to those negotiations, though, very soon. But I am glad to be with you. Thank you.

Senator INOUYE. May I now call upon Ms. Meredith Neizer?

SUMMARY STATEMENT

Ms. NEIZER. Mr. Chairman and committee members, I appreciate the opportunity to appear before you today to share with you information on the role that the Defense Advisory Committee on Women in the Services as it pertains to the progress and expanded opportunities for women in the military.

The Defense Advisory Committee on Women in the Services, better known by its acronym DACOWITS, was established in 1951 by then-Secretary of Defense George C. Marshall to advise him and assist the Secretary of Defense on policies and matters related to women in the armed services.

The Committee is composed of non-Federal Government civilian women and men who are appointed for a term of 3 years. Members are selected by the Secretary of Defense with due regard to equitable distribution of fields of interest and geographical representation.

In carrying out its purposes, the Committee interprets to the public the need for and the role of women as an integral part of the Armed Forces, encourages public acceptance of military service as a citizenship responsibility, and as a career for qualified women, and provides a vital link between the Armed Forces and civilian communities.

In discharging its charter of advising the Secretary of Defense on women in the military matters, the Committee concentrates on areas which affect retention, housing, pay and allowances, job opportunities, and the identification of institutional barriers that limit the full use of military women.

The Committee structure of three subcommittees reflects the focus on military women, that of full utilization within the constraints of the law, career opportunities, and the quality of life they experience. The full Committee meets formally in the spring and fall of each year, and the executive committee meets quarterly to review current issues.

The executive committee annually visits overseas military installations and individual members visit military installations, throughout the United States on their own time and generally at their own expense in order to keep fully informed on current military activities and policies.

The DACOWITS currently has 8 recommendations, 27 requests for information, and 4 continuing concerns before the Secretary of Defense or the service Secretaries for consideration. Generally, an issue is identified during an installation visit which results in a service brief initiated by a request for information. Ultimately, the issue culminates as a recommendation of change or continuing concern, or the issue is deleted from the DACOWITS agenda.

Our most significant issues during the past year include a recommendation to the Army to conduct a 4-year test program where Army women will be allowed to enter all military occupational specialties, including combat and combat support. The DACOWITS recommended that field artillery remain open to Army women, and that opportunities be expanded by reopening Lance-firing batteries and opening multiple-launch rocket systems at the corps level.

We also recommended that the Secretary of Defense open naval mobile construction battalions—NMCB's—to women. The DACOWITS believes NMCB's are noncombatant units whose deployment and mission are not unlike the Marine Corps engineer support battalions which are open to women.

Additionally, the DACOWITS recommended that the Secretary of Defense take timely and positive actions, including legislation, to resolve the nurse shortage. The DACOWITS members continue to receive feedback at our installation visits about the nurse shortage and problems regarding retention, morale, compensation, and promotion. The shortage of nurses is one of the most pressing issues in military health care today.

The Committee also has a series of requests for information concerning forces utilization, career, and quality of life issues. The forces utilization issue focuses upon the assignment of Air Force women to TR-1 and U-2 aircraft since 1988 and the impact of the Dual Track Pilot Training Program on Air Force women pilots.

We have requests for information concerning career progression targets programs that may impede the career of women. We are currently looking at the new Marine computerized women Marine model, and the Marine Corps Battle Skills Training Program. The computer model is intended to better manage the classification and assignment of women in the Marine Corps, and the new training program may have different levels of training for women Marines.

The services will also provide us with briefings on career counseling for female students for all commissioning programs. Our members have had discussions with women at ROTC detachments which indicate a need to offer such counseling by senior women officers. These are just a few of the career issues addressed by the Committee at this time.

Our continuing concerns reflect issues the DACOWITS members regularly hear as problems but are difficult to change for one reason or another. We continue to hear that negative perceptions, attitudes and behaviors toward military women adversely affect their performance and morale. We also are very concerned about the availability of family support systems in the services. The DACOWITS continually supports repeal of the statutory combat restrictions currently mandated by Congress and Army policy.

In closing, the DACOWITS has served the Nation well in its service to the Department of Defense and our country. We can look back on a number of achievements that we believe have made the military a better career opportunity for women. It is my desire as the current Chair to assist the Secretary of Defense in continuing this tradition.

The DACOWITS and the services have been instrumental in the fullest utilization of women in the services. Over the last 3 years, approximately 31,000 positions have been opened to women. Our cooperative efforts have broadened the career opportunities for many women, as well as enhanced the Armed Forces preparedness and readiness. The DACOWITS will continue to pursue these goals with its dedicated members.

Mr. Chairman, this concludes my statement and I am prepared to respond to your questions.

Senator INOUYE. Ms. Neizer, I thank you very much, and if I may, we would like to be excused for a few moments. There is a vote pending on the floor at this time. We will be back in about 7 minutes.

[A brief recess was taken.]

Senator INOUYE. Before I call upon Admiral Hazard, I would like to recognize Senator D'Amato for a statement.

Senator D'AMATO. Thank you, Mr. Chairman.

PREPARED STATEMENT

In the interest of time, I thought that I would ask to be permitted to submit a statement for the record, as if read in its entirety.

Senator D'AMATO. I would commend you, Mr. Chairman, for your leadership of this committee.

Thank you, Mr. Chairman.

[The statement follows:]

STATEMENT OF SENATOR ALFONSE D'AMATO

Thank you Mr. Chairman.

Mr. Chairman, I thought that you raised an excellent point with Secretary Atwood and General Powell concerning outlays, budget authority, and the search by some colleagues for the "peace dividend" that relates directly to today's hearing. You cited a staff study that proposed zeroing funds in FY91 for the procurement of the B-2 bomber, C-17 airlifter, F-15 fighter, rail garrison MX missile, DDG-51 *Burke*-class destroyer, Trident ballistic missile submarine, and Seawolf attack submarine. The result was a $19.1 billion reduction in budget authority, but only a savings of $916 million in outlays. Noting that the Budget Committee has proposed cuts of $10 billion or more in outlays, you made the point that the lion's share of these cuts would have to come out of manpower, operational tempo, and training, the very areas we have vowed to protect to prevent a return to the "hollow" forces of the late 1970s.

I hope, Mr. Chairman, before our witnesses today, that we can reaffirm out commitment to our men and women in uniform. We should not simply dismantle forces built up over 45 years in the rush to ameliorate long-standing social ills now that major power peace appears to be at hand. The reductions we make should be tied to a coherent, reasoned assessment of our future defense needs.

Thank you, Mr. Chairman.

STATEMENT OF REAR ADM. ROBERTA L. HAZARD, USN, DIRECTOR, PROFESSIONALISM AND PERSONAL EXCELLENCE [PRIDE], OFFICE OF THE DEPUTY CHIEF OF STAFF OF NAVAL OPERATIONS

Senator INOUYE. May I now call on Admiral Roberta Hazard.

Admiral HAZARD. Mr. Chairman, with your permission, sir, I would like to submit my formal statement for the record and make just a few short remarks.

Sir, as the senior woman in the Navy with a career that spans almost 30 years now, I have an historical perspective that leaves me with two clear impressions.

First, is the fact that the Navy has come a very long way in providing equal opportunity for women to contribute to this great Nation of ours.

Second, is the observation that Navy women, both officer and enlisted, have increasingly taken on the tough jobs, performing them very well, indeed, and taking great pride in their naval service.

FEMALE INVENTORY

Numbers tell only part of the story of our progress. In 1960, when I entered, there were only 3,000 women in naval service. Today we have over 7,500 women officers, or 10.3 percent of the corps; and over 48,000 enlisted, or 9.2 percent of enlisted strength.

These figures represent a 50-percent increase in officers and a 43-percent increase in enlisted in the last 10 years alone.

But the ways in which today's women can contribute are even more encouraging than the numerical growth. Since the legislative change of 1978, assignments to sea duty and aviation activities have grown steadily. We now have 304 officers at sea, 115 of them surface officers. Six women are filling XO billets afloat, and two have screened for command at sea. They are joined by over 9,500 enlisted women. Fully 20 percent of our total female inventory is serving at sea today, and that number will climb to about 15,000 by 1996.

One of the catalysts for service at sea was the opening in 1988 of 24 Combat Logistics Force ships; 19 of these have already been integrated, and the remaining will be so by 1991. That integration is working well.

The aviation scene is equally positive. With the new flying billets opened, for a total of 228 pilots and 58 naval flight officers [NFO's], we have increased our training goals to 52 pilots and 12 NFO's per year, and we are meeting those goals.

We have selected five women as test pilots, two for command of aviation squadrons, and our first female astronaut. Enlisted women numbers in squadrons are up also, at nearly 5,000.

Women in the general unrestricted line community, which is my community, have also increased in numbers and opportunity over the past decade. You will find them in virtually all areas of shore management and leadership today, including commanding officers and executive officers of naval stations and amphibious bases.

Enlisted women are moving into nontraditional fields at an accelerated pace, sir. Our class A, or basic technical schools for nontraditional ratings have seen remarkable increases in female input due to the Navy's targeted recruiting and focused counseling and conversion efforts.

Increasingly, women recognize that the nontraditional path is the route to valuable training, faster promotions, and more credibility.

We have made progress on other scores as well. With regard to sexual harassment, the Secretary of the Navy and the Chief of Naval Operations have issued clear guidance that the Navy has zero tolerance for sexual harassment. Training for all hands has been completed and will continue to be offered at all accession points and as part of our annual training cycle.

Harassment incidents are being reported and hot lines are working. We know that harassment has not been permanently erased. As with equal opportunity itself, it is a matter for continuing education for leadership and corrective action. We will continue to pursue all three avenues.

Our new fraternization policy seems to be working also. It is a common sense approach to a tough issue. Yes, we still have fraternization incidents, but they are declining, and the chain of command appears to be dealing with them.

Pregnancy issues are also being dealt with as the personnel management and leadership issues that they are. We have established a new policy allowing 42 days maternity leave and a recovery period of 4 months. Specific instructions have been issued for handling those who become pregnant while on sea duty or as a flight crew member.

Child care, while still deficient in the Navy and in the Nation as a whole, is improving. Today we have 114 child development centers at 98 bases and 65 family home care programs. Together they serve some 18,000 little ones. That number will expand throughout the coming decade, because we do see child care as a readiness and a retention issue.

Let me conclude, Mr. Chairman, on an optimistic note, that whatever the size and the mission of the Navy of the coming decades, I am convinced that women will continue to play increasingly visible and significant roles, and will continue to be supported by the Navy in those efforts.

Thank you, sir, and I will be happy to respond to your questions.

Senator INOUYE. Thank you, Admiral Hazard.

[The statement follows:]

STATEMENT OF REAR ADM. ROBERTA L. HAZARD

Two years ago, Admiral Edney appeared before the Congress and outlined the results of the then recently completed Report on the Progress of Women in the Navy. Today I will summarize the progress that's been made in implementing that study and give you a report card on where we stand.

At the beginning of FY 1988 there were 7,223 officers and 45,721 enlisted women in the Navy, 9 percent and 10 percent of the force respectively. As we began FY 1990, the inventory had grown to 7,479 officers and 47,834 enlisted, 9.2 percent and 10.3 percent of the force. In ten years, we've seen an increase of 3,338 officers and 27,050 enlisted women. These numbers in themselves don't begin to tell the real story which is the significant improvement in career opportunities and upward mobility that has been provided for women.

The most significant step towards increasing career opportunities for women has been the dramatic increase in the number of sea duty billets available for women. Prior to 1989, women assignments at sea were limited to a relatively few classes of ships: Tenders, hospital ships and military detachments aboard Military Sealift Command ships. Only 11 percent of Navy enlisted women were serving at sea at the beginning of FY 1988.

As a result of the 1987 Navy Study and the DOD study of Women in the Military and in order to support maximum assimilation of women within the limits of the combat exclusion law, the term "combat mission" was more clearly defined as follous: "A combat mission is defined as a mission of an individual unit, ship or aircraft that individually, or collectively as a naval task organization, has as one of its primary objectives to seek out, reconnoiter, and engage the enemy. The normal defensive posture of all operating units is not included within the definition."

Within this definition. certain ships of the Combat Logistics Force [CLF] could be, and were, logically opened for the permanent assignment of women. Three specific classes of ships (AFS, AO, and AE), 24 ships in all, with a total of 439 officer billets and 7,030 enlisted billets form the core of our expanded program. Women are presently embarked in 19 ships of these classes and by the end of FY 1991, they will be assigned to all 24 ships. By the end of FY 1996, all 24 ships will have 50 percent female crews. We will have created accommodations for 5,522 additional women with our ship alteration program.

The total number of women actually serving at sea by the end of this year will have grown to 304 officers and 9,684 enlisted, increases of 21 percent and 92 percent respectively since the beginning of FY 1988. Twenty percent of the enlisted women in the Navy are now serving at sea and the number is steadily growing.

The opening of the CLF ships has created a host of initiatives which allow for more effective management of female sailors. With a larger number of sea duty billets, we now have a greater proportion of non-traditional billets available for women. We are, for the first time, managing women the same way men are managed, by the "advancement to requirement" principle. Previously, in order to meet numeric goals, Navy recruited women without regard to the rating in which they would serve. This resulted in a number of ratings which were over-populated with women in relation to billets they could legally fill and caused restrictions on their promotion opportunity. We have moved away from that practice by determining specifically the numbers of non-traditional, technical requirements aboard ships. We now provide the recruiting command with specific female quotas for each rating. These quotas are not limitations on female recruiting but are, instead, goals our recruiters strive to meet. This encourages women to enter these ratings and guarantees them that promotion opportunity and sea/shore rotation will remain reasonable.

When this management initiative for women was first introduced in September 1988, there were 12 ratings where women were hindered by overcrowding within the ratings—this meant that even if they scored higher than men on rating exams, they could not necessarily be promoted since males were required in certain pay grades to fill seagoing billets. We have greatly streamlined our management and now have only two ratings with such restrictions—The Aviation Maintenance Administrationman (AZ) and Data Processing Technician ratings (DP).

There is a good story to tell about Women in Naval Aviation also. For 1990 we have raised the number of flying billets from 133 pilots/31 NFOs to 228 pilots/56 NFO's. We have increased annual accession goals from 32 pilots/12 NFO's in FY 1988 to 52/12 for FY 1991. Women are becoming more senior in our aviation squadrons and are assuming greater responsibilities.

To date we have selected two women for command of squadrons, the first to assume her command in June. Recently a female aviator was selected for the rank of Commander, two years early. We have also selected five women to attend Test Pilot School.

Enlisted trends within squadrons are also encouraging. We have opened up VQ-1 and VQ-2, fleet reconnaissance squadrons, for a large number of nontraditional female requirements. This translates to 142 new billets for these squadrons alone—32 officers/110 enlisted. In aviation in general we have added 968 E-1 through E-3 billets since 1987 (+21%) while increasing petty officer billets for women by 174 (+30%). The number of aircrew billets has grown by 174 (+70%) since 1987. In aviation squadrons the number of enlisted women billets has grown from 4,153 at the beginning of fiscal year 1988 to 4,980 at the end of this year.

COMMAND AND PROMOTION OPPORTUNITY

Significant numbers of women in the Navy are being assigned to senior leadership roles. Three women are currently filling ship or squadron Executive Officer billets and three have been selected for command. Sixty-seven women are currently filling ship or squadron department head billets or have been screened for that assignment. In increasing numbers, women are now being advanced in the enlisted pay grades to Senior and Master Chief Petty Officer.

Revisions to the mission statement of the General Unrestricted Line Officer community and the career pattern have focused on the unique talents these officers can contribute to managing the complex fleet support establishment. Many more career enhancing billets are now available to the General Unrestricted Line Community than ever before. These billets include Commanding Officer/Executive Officer positions at Naval Stations, Amphibious bases, Shore Intermediate Maintenance Activities (SIMA's) etc. Likewise in the Restricted Line and Staff Corps, the numbers of women in the leadership roles as Commanding Officer, Executive Officer and Officer in Charge are increasing. In the last year, the number of "firsts" for Navy females is really impressive and indicates the type of progress we will continue to see as our current officer and enlisted females become more senior. This is just a condensed list:

OFFICERS

First female Surface Warfare Officer selected for command at sea; first female Aviator selected for squadron command; first female Navy (reserve) astronaut; two female line Admirals serving simultaneously; first female Captain in intelligence; and first female Executive Assistant to the Under Secretary of the Navy.

ENLISTED

First female Engineering and Seabee enlisted detailers; first female seabee selected for Senior Chief Petty Officer; and first female Command Master Chief at sea

ASSIGNMENT TO "A" SCHOOL TRAINING

Female assignment to "A" schools is another success story. We are increasing the number of "A" school seats available to women based on requirements in all appropriate ratings. In FY 1989 "A" school seats for women increased 897 over FY 1988 (12.5%). Additionally. "A" school opportunity for women recruits increased from 78% in FY 1988 to 90 in FY 1989. For women already in the fleet, we have given detailers authority to move women after 12 months on station when they volunteer for school seats in undermanned ratings. If an individual is disapproved for one school the detailer will recommend another school in an undermanned rating. Remedial training in the form of the Job Oriented Basic Skills (JOBS) program was modified to expand its scope to foster participation by women to strengthen them in areas necessary to compete in nontraditional schools. We have had good success in this effort by filling 86 percent of the "A" school seats available to women from the fleet. compared to 71 percent a year ago.

HARASSMENT AND FRATERNIZATION

We have come a long way with the institutional changes to get more women to sea in real positions of responsibility, but we still can and will improve in some key areas. Sexual Harassment and fraternization issues still exist as well as quality of life concerns such as medical and child care.

Our sexual harassment hotline is in place and, based on reports from the Navy Inspector General and Navy JAG, it is working. SECNAV and CNO both issued formal detailed guidance to the fleet last fall restating the Navy policy on sexual harassment. Furthermore, all prospective Commanding Officers are ordered to Washington for one day intensive briefing. They receive very specific direction regarding sexual harassment/fraternization issues. The issue of sexual harassment is one which I believe can be and is being managed by clear, top level policy guidance and continued training of our personnel.

Fraternization is another complex human issue which has become more manageable since the new Navy Fraternization Policy was issued a year ago. Fraternization is not a female issue alone: it is primarily an issue of good order and discipline. It appears that the number of incidents in this area has decreased significantly as a result of clear guidance being provided to Commanding Officers.

QUALITY OF LIFE ISSUES

Pregnancy, health and single parenting are major Quality of Life issues for personnel in the Navy.

Last February the Navy Policy entitled "Management of Pregnant Service Women" was issued in an attempt to standardize and enlighten our treatment of pregnant sailors. Standard maternity leave was expanded from 30 to 42 days while the recovery period for a normal birth was modified from six months to four months. (The recovery period is that time post child-birth after which a female may be reassigned to sea duty.)

Navy has clarified the criteria for underway assignment of pregnant women to ensure the unit is not more than three hours distance from an OB/GYN facility by MEDEVAC. We have also expanded the training available to our female sailors regarding health, pregnancy, and single parenting. Three hours of sexual responsibility training is included in the bootcamp curriculum. Prospective Commanding Officers and Executive Officers enroute to ships with women receive training in sexual harassment and Department head students receive Command Managed Equal Opportunity training. All Navy men and women receive annual Military Rights and Responsibilities training which covers pregnancy, sexual harassment, fraternization, and the assignment of women to commands. All of these areas have been part of standard leadership training since December 1989.

Regarding improved health care for women, Navy was part of a DOD-wide womens' health care survey. In close cooperation with suggestions made by the Defense Advisory Committee on Women in the Services (DACOWITS), Navy surveyed 3,685 active duty women. The report, when released, will outline steps we can take to solve health care problems and be even more responsive to our female sailors' needs.

Single parenting is another important issue to Navy personnel. Child Development Centers and family home care programs provide alternate avenues of support to our sailors. Currently there are 114 child development centers at 98 installations serving 12,000 children daily. This number will grow significantly as Navy has plans to construct 23 more centers between fiscal years 1990 to 1994. Our family home care programs, which offer child care to some 6,000 youngsters, have expanded from 6 commands in 1986 to 65 in 1989. Our operations budget for child care has grown from $5.3M in FY 1985 to more than $17M in FY 1990. We are committed to ensuring that our sailors, male or female, who are faced with the difficult challenge of single parenting are provided high quality child care.

In conclusion, Navy will continue to improve the professional, medical, and Quality of Life opportunities for women officers and enlisted personnel. However, there is a word of caution which must be noted here. The Navy of the 1990s will undoubtedly be smaller than it is currently. As ships are retired from the fleet some of the billets we had intended for women may also be reduced. Should ship reductions occur, we will make every effort to continue to provide maximum opportunities within the law for Navy women.

Proper assignment, management and leadership of women is a high priority issue for our Navy. It is an equal opportunity issue, of course. But it is much more than just that. It is a readiness issue as well. Navy women are doing outstanding jobs in vital areas. They are a significant and critical part of our Total Force. They deserve, just as every other officer and sailor deserve, the very best leadership and support that we can provide. Navy leadership is proud of the success of our Navy women and of the Navy's efforts on their behalf.

Thank you and I'll be happy to respond to any questions.

BIOGRAPHICAL SKETCH

A native of Boston, Massachusetts, Rear Admiral Hazard is a graduate of Boston College with majors in both history and education. She also received a master's degree in history and international relations from Boston College. She is currently a member of the Boston College Board of Trustees. Prior to entering the Navy in 1960, she taught American and European history and government at the senior high school level.

After graduating from Officer Candidate School, Rear Admiral Hazard was assigned as division officer and researcher-writer within the Naval History Division, Office of the Chief of Naval Operations. She later served as the education, training and leadership officer at Naval Air Station, Jacksonville, Florida, and as instructor and academic department head of Women Officers' Candidate School in Newport, Rhode Island. Rear Admiral Hazard was subsequently assigned as Navy protocol officer in the Navy's Foreign Liaison Office in Washington, DC; and in 1969 became a project manager for computer-assisted instruction at the U.S. Naval Academy.

From 1971 to 1974 she served as a special assistant on the personal staff of the Chief of Naval Operations, initially as coordinator of his public office and, subsequently, as assistant for Joint Chiefs of Staff matters. Following this tour she was assigned as a special assistant to Commander in Chief, Allied Forces Southern Europe, in Naples, Italy, serving as speech writer and political-military advisor.

In 1978, Rear Admiral Hazard graduated from the National War College in Washington, DC, and was assigned to the Office of the Chief of Naval Operations, Military Personnel and Training Division, as head of the women's program section, with responsibility for monitoring and developing policy and career opportunities for women officers and enlisted personnel.

In 1980, she became Commanding Officer of the Naval Technical Training Center at Treasure Island in San Francisco. Her major command tour was as Commanding Officer of the Naval Training Station, San Diego, California. She was selected for flag rank in December 1984 and served as Commander of the Navy's largest training facility, the Naval Training Center, Great Lakes, Illinois from 1985 to 1987. Rear Admiral Hazard became the Director for Manpower and Personnel, Organization of the Joint Chiefs of Staff, on 21 August 1987. She was selected for promotion to Rear Admiral (Upper Half) on 18 May 1988 and assigned to her present duty as Director for Pride, Professionalism, and Personal Excellence, on the Staff of the Deputy Chief of Naval Operations (Manpower, Personnel and Training) in August 1989.

Rear Admiral Hazard's decorations include the Department of Defense Distinguished Service Medal, Legion of Merit (with gold star in lieu of second award), the Meritorious Service Medal (with two gold stars in lieu of subsequent awards), the Navy Commendation Medal (with one gold star in lieu of a second award) the Navy Achievement Medal, and the National Defense Service Medal.

STATEMENT OF C.M. SGT. KATHY BALLARD, USAF, VICE PRESIDENT FOR COLLEGE RELATIONS, COMMUNITY COLLEGE OF THE ARMED FORCES, MAXWELL AFB

Senator INOUYE. Now may I call on Chief Master Sergeant Ballard.

Chief BALLARD. Mr. Chairman, thank you for the opportunity to speak today and to be called upon to represent the Air Force in this forum.

I am not going to read my statement to you; it has been submitted, and I have confidence that you have read that statement. And the record of the Air Force speaks for itself.

When you look you will find that 97 percent of positions are open to women in the Air Force, it is a fact; 99.1 percent of the skills are open. There are only four skills today for enlisted women that are not open. And there are no skills that are unopen to officers.

So we have come a long way since I entered the Air Force in 1973. We have seen women increase from a little over 2 percent, to 13.5 percent in our Air Force today.

When I came in, I came in a very traditional role as a dental assistant, and soon realized that I wanted a greater challenge to serve my country. I looked for a first sergeant position that would fulfill those needs that I had within.

PREPARED STATEMENT

I am proud to be a member of the U.S. Air Force. I wear my uniform with pride. I think women in the Air Force and throughout all the services will contribute when called upon.

Thank you, sir.

[The statement follows:]

STATEMENT OF CHIEF M. SGT. KATHY BALLARD

Mr. Chairman and members of the committee, I appreciate this opportunity to appear before you today to discuss a very important Air Force issue. The Air Force has long been a leader in providing opportunities for women to serve, and we are proud of the contributions women have made in the defense of our country. We are committed to providing women the fullest possible opportunity permitted by logical interpretation and application of the combat exclusion law.

We believe our record of providing equal opportunity, within the constraints of the law, speaks for itself. There are a total of 75,820 women currently (as of 31 January 1990) in the active Air force; 13,381 officers, 62,439 enlisted. The female population has increased from 2.3 percent (approximately 16,000) of the active Air Force in 1972 to 13.5 percent today.

During the last three fiscal years, female retention has been lower than that of males. Female reenlistment rates average two percent lower than those for males in the first-term category; eight percent in the second-term category; and slightly less than six percent in the career category. However, single females are more inclined to reenlist than married female members.

All Air Force officer career areas and all but four enlisted career areas are open to women. Aerial Gunner, Pararescue and Recovery, Combat Control, and Tactical Air Command and Control are closed to women. Women are also excluded from some specific combat-related positions within otherwise open career fields and specialities. Today only three percent of the authorized positions in the Air Force are closed to women. Of those that are closed, most are on fighter aircraft, bombers, gunships, or in direct combat support units.

Women are not limited to the so-called "traditional" duties which they held when originally integrated into the Regular Air Force in 1948. They now serve in a wide variety of nontraditional specialities. Consider this historical perspective of how the Air Force has utilized women in the last ten years: In 1982, women were assigned to the Airborne Warning and Control System (AWACS) aircraft; the KC-10 aircraft and security police specialties were opened to women in 1984; in 1985, a Secretary of the Air Force (SAF) review of assignment policy opened positions in Forward Air Control Posts, Munitions Storage Sites, all female Minuteman missile crews, C-23 aircraft, and EC-130 aircraft (ABCCC and Compass Call); in 1986, the RC-135 and two more EC-130 missions (VOLANT SOLO and COMFY LEVI) were opened to women; in 1987, Minuteman missile crews were integrated; in 1988, SAF opened assignment of women to Red Horse and Mobile Aerial Port squadrons and TR-1, U-2, TU-2, C-29 (Flight Check), and EC-130 (all missions) aircraft; and in 1989, SAF approved opening duties on C-141 airdrop missions (except special operations low level missions), C-130 aircraft (except special operations low level missions), as well as the C-17 aircraft to women.

In summary, women have repeatedly demonstrated their capabilities by performing virtually all duties permitted under current law. Our current assignment policies and utilization philosophy continue to demonstrate our commitment to women as full fledged members of the Air Force team.

Again, Mr. Chairman, thank you for the opportunity to appear today. I will be happy to answer your questions.

BIOGRAPHICAL SKETCH

Chief Master Sergeant Kathy Ballard is the Vice President for College Relations, Community College of the Air Force (ATC) at Maxwell Air Force Base, Alabama.

In this capacity she is the college's liaison with those groups representing the eligible student population, senior Air Force enlisted leadership, and the general interests of enlisted members. She supervises the Office of Student Affairs, the Office of Professional Publications, and the Office of Public Affairs.

Chief Ballard was born in Paintsville, Kentucky, on October 11, 1951. She graduated from Highland High School in Sparta, Ohio, in 1969. She holds associate in applied science degrees in dental assisting and resource management technology from the Community College of the Air Force, an associate of arts degree in management from the University of Maryland, and a bachelor of science (Summa Cum Laude) degree in management/human resources, from Park College, Parkville, Missouri. In 1980 she graduated from the USAFE NCO Academy, class 80B, as honor graduate and commandant's award winner. Later in 1987, she was a distinguished graduate of the Air Force Senior NCO Academy and the John L. Levitow Award winner from her class. She went on to win the Secretary of the Air Force Leadership Award for that same year.

Chief Ballard enlisted in the Air Force Reserve in April 1973 and entered active duty on May 17, 1973. She completed basic military training at Lackland Air Force Base, Texas, and technical training in the dental technician career field at Sheppard Air Force Base, Texas.

Her assignments as a dental technician included Wilford Hall Medical Center at Lackland Air Force Base, Texas, USAF Regional Hospital at Fairchild Air Force Base, Washington, and the USAF Hospital at RAF Lakenheath, England. She then moved to RAF Mildenhall, England, as the assistant NCOIC of the Dental Clinic. In 1977, she was selected for a position as resident consultant for military women at RAE Mildenhall. In this capacity she also acted as an advisor to the 3rd Air Force Commander on matters pertaining to enlisted women. In June, 1980, she was assigned to OLA Malcolm Grow, USAF Medical Center, Bolling Air Force Base, Washington DC, as NCOIC Records and Reception. She transferred in November 1981 and became the NCOIC Dental Clinic, Malcolm Grow Medical Center, Andrews Air Force Base, Maryland. Chief Ballard cross trained into the first sergeant career field in December 1982 and became first sergeant for the United States Air Force Honor Guard at Bolling Air Force Base, Washington, DC.

She was transferred to Wright-Patterson Air Force Base, Ohio in June, 1984 and became the first sergeant of the 1815th Test and Evaluation Squadron. In April, 1986, she was selected for a special duty position as first sergeant of the Orientation Group, USAF, at Gentile Air Force Station, Ohio. She assumed her present duties at CCAF on February 28, 1989.

Chief Ballard holds the Meritorious Service Medal with three oak leaf clusters, the Air Force Commendation Medal, the Air Force Recognition Ribbon, and the NCO Professional Military Education Ribbon with one oak leaf cluster.

Chief Ballard is married to Robert L. Ballard from Louisville, Kentucky. They have two sons, Clinton, age 8 and Adam, age 5.

Senator INOUYE. Sergeant, I thank you very much.

Now if I may ask a few questions. Before I do, may I assure all witnesses that your statements will be made part of the record in total.

Ms. Neizer, looking over your testimony, I note that there is a disclaimer which is attached to the cover of your statement which says, in essence, that views expressed do not necessarily reflect the official positions of the administration or the Department of Defense on any legislative proposal, budgetary issue, or other matter involving women in the military.

You are an instrumentality of DOD, are you not?

Ms. NEIZER. Yes; we are, sir.

Senator **Inouye**. Do you have an adversarial relationship with them?

Ms. **Neizer**. Well, it depends, sir, on the issue. But, quite honestly, we are independent in that we gather information and advise the Secretary. But, again, the Secretary can agree with us or choose not to agree with us in any of our recommendations.

So, in that context, we do not reflect the policy—or have the potential not to reflect the policies of DOD.

But, yes, we do come under the DOD umbrella.

Senator **Inouye**. Then the Secretary did not review or correct your statement?

Ms. **Neizer**. No, sir; he did not. But he was advised of my statement.

Senator **Inouye**. I note in your statement, Ms. Neizer, your reference to a recommendation made by DACOWITS that the Secretary of Defense take action to resolve the nurse shortage. We had a hearing here last week on the matter of nurses. Did you make any specific recommendations to the Secretary or steps that he might take to alleviate this shortage?

Ms. **Neizer**. As far as specific recommendations as to what we feel he should do, no, sir. We highlighted that the nurse shortage is an issue that we continue to hear at our installation visits. But we leave it to him to determine the best possible way through legislation or through other service arenas in order to solve that problem.

But we have continued to inform him that it continues to be a problem within the services.

SEXUAL HARASSMENT

Senator **Inouye**. If my recollection is correct, during the period 1986 to 1988, your organization found some disturbing evidence of sexual harassment of women in the service. Since then, have you found an improvement? Has the situation improved or gotten worse?

Ms. **Neizer**. Well, quite honestly, the attention that the services have given to sexual harassment has improved significantly. Once a problem is identified, the DACOWITS is confident that the services will investigate the situation, and also, if there is a problem, resolve it with the appropriate response.

What has been disturbing is that, yes, we still continue to do our installation visits and continue to find problems across the world, at our installation visits. And that has been disappointing. But, as far as the attention that the services have paid in developing the policy and disseminating the policy that sexual harassment will not be tolerated, we have felt that a lot of progress has been made.

Finally, DOD has issued a new sex role survey that has been disseminated last year, and the results are in. And we are looking forward to that survey to give us an indication as to whether sexual harassment has declined over the last couple of years because of the more proactive role that the services are taking.

Senator **Inouye**. Have you made any study comparing sexual harassment in the military and also in the private sector?

Ms. **Neizer**. No, sir; we have not.

Senator **Inouye**. So you cannot make any comparison?

Ms. **Neizer**. No, sir.

FOUR-YEAR TEST PROGRAM

Senator **Inouye**. Your organization has recommended that the Army conduct a 4-year test program to permit Army women to enter all military occupational specialties, including combat and combat support. How did the Army react to your proposal?

Ms. **Neizer**. Sir, we are still awaiting a response from the Army on that. It was only proposed in November of last year, and typically, it can take upward of a good year to get a formal response back from the services.

Our understanding is that they are looking into the recommendation.

Senator **Inouye**. What was your organization's rationale for making such a recommendation?

Ms. **Neizer**. At the time, sir—I will go back to a continuing concern that the Committee has always had in regard to repeal the combat exclusion laws. That has been on our issue agenda for at least the last 8 or 9 years.

The 4-year test study came as a result of a desire for the Committee to build a case that we believe women should have the opportunity to provide some real cohesive data that would say whether they would be willing to volunteer for combat, and then, if willing and qualified, could be able to perform combat jobs.

Not that they have not done it historically, but our feeling is we wanted a good test case to be used within the U.S. Armed Forces to be able to then build a case for repeal of the combat exclusion laws.

And the Committee chose at that time to propose this study to the Army, because the Army was the only one that had a policy where such a study could be performed.

Senator **Inouye**. You mention the words "willing" and "qualified." What do you mean by qualified?

Ms. **Neizer**. Well, what we really wanted to see was that the standards for any of the positions, combat or combat support, were maintained. In other words, all the physical and intellectual qualifications that are required by any person to volunteer for a combat job would be adhered to, and that the standards would not be lowered for any of the women.

And in that context, we believe that the qualifications for women volunteering for those jobs should be no different than any of the men.

Senator **Inouye**. All right; thank you very much.

If I may, I'll ask Admiral Hazard a few questions.

PROMOTION OPPORTUNITY

For many years—this is all in the past—promotions were based on serving in prescribed numbers of and types of jobs in order to make progress. In the case of women, you had a lot of specialties closed to them. What sort of problems did you have as a result?

Admiral **Hazard**. Are you speaking institutionally, sir, or are you speaking to me?

Senator **Inouye**. Institutionally.

Admiral **Hazard**. Institutionally.

Well, clearly, particularly in terms of enlisted members, the upward mobility of our young women for a number of years was circumscribed by a number of factors, not the least of which was the fact that they tended to go into traditional arenas, where they were congested, if you will. And where, by virtue of the limitation of their opportunity to go to sea in those specialties, they had also a finite experiential base.

Consequently, there was a negative impact both in terms of the institution and in terms of individual's upward mobility. However, I want to make sure that I illustrate that because of the realities of the last decade, that women have had increased access to the nontraditional arena.

In fact, today, they are being pushed aggressively by the institution into the nontraditional arenas, by virtue of the fact that that is where they can garner the best training and the best opportunity for promotion.

We see this in terms of their access to the A schools, sir. Today we have 85 percent of our ratings open to enlisted women. The remainder, the 12 ratings that remain shut are found exclusively on combatant ships to which they have no assignment opportunity.

In terms of officers, we also have expanded their assignment opportunity over the last decade tremendously, not only by opening up the warfare specialties for the noncombatant billets they are in, but also within the community that only serves ashore, the general unrestricted line, and the staff and the restricted line communities, as well.

As a consequence, their upward mobility has been enhanced.

Senator INOUYE. Is a tanker vessel considered a combatant ship?

Admiral HAZARD. No, sir.

Senator BUMPERS. Mr. Chairman, would you repeat the question.

Senator INOUYE. Oil tankers.

Admiral HAZARD. No, sir.

Senator INOUYE. Now, do they go out into the combat zone to refuel ships?

Admiral HAZARD. Well, we are speaking here about the Combat Logistic Support Force ships, and there are some that steam with the battle group in a sustained, forward-deployed environment. They are closed to women.

But those who do not find themselves in company with the battle groups, the 24 ships that have opened up in the last 2 years, also are oilers—tankers, and resupply ships that move from the ports to refuel those ships that are part of the battle group. And it is they who have been opened, sir.

Senator INOUYE. The pilot that flew me to the *Eisenhower* was a woman. Is not the *Eisenhower* a combat vessel?

Admiral HAZARD. Indeed, yes, sir. But there is no preclusion from women landing on board or being assigned even temporary additional duty on board combatants. The law allows it to be up to 180 days, sir, for temporary duty. There is no preclusion from being assigned there for lesser periods of time, including a landing and takeoff.

Senator INOUYE. Do you think women can play a role in these combat mission billets?

Admiral HAZARD. Well, that is a different way of approaching the issue of should women be assigned to combat units, sir, I think. I understand why some, in fact, many young women want to be assigned to combatant units, because it is a matter, really, that will facilitate their career progression.

It is very clear that no one is going to be the Chief of Naval Operations or the Chairman of the Joint Chiefs of Staff without being a warrior, and coming up through that pipeline.

But from my perspective, and I presume you are interested in my view individually, as opposed to institutionally, I really do not believe that the fundamental question is one of upward mobility.

I really believe that the basic issue is one of mission accomplishment and operational readiness. And fundamentally, could we accomplish the Navy's mission as well if women were assigned to combatant units? I have to tell you, after 30 years' experience, I do not know the answer to that. I suggest to you, neither does any man who posits an answer one way or the other.

There is no question in my mind that women have all of the intellectual acumen to perform eminently well in combat billets. We do not have to have a test for that. As a matter of fact, they absolutely perform wonderfully well, including aboard ship in those billets.

But that is not the issue. It is the sustained combat environment, which you are not going to replicate under any set of circumstances, other than combat itself that the question really relates to.

It is the physical strength, not exacted by the job but by those circumstances. It is the motivation of not a few women, but all women who might be involved in this, to engage in what I call disciplined violence. Even disciplined vengeance, which is really what we are talking about, in terms of the combat environment.

It is also the issue of sustainability in protracted combat that has not been demonstrated yet. It is unlikely to be in any test, and will remain a question, I think, until such time as the Nation really needs that to be demonstrated.

Because right now I do not think that nor do I think the public or the Navy or a great many women, not all, but a great many women, are ready to demonstrate that, sir.

FRATERNIZATION

Senator INOUYE. Your statement refers to a new fraternization policy. Can you describe that?

Admiral HAZARD. Yes, sir; it is a very simple one. It is the age-old position of all of the services, but it has just been articulated, I think, more clearly for the benefit of all in the Navy.

Actually, any social and improper professional association between officer and enlisted personnel is proscribed, as is the same kind of relationship between a senior officer and a more junior officer in the same chain of command, or between a senior enlisted and a junior enlisted in the same chain of command.

So that dating or entering into a business relationship, all of those activities, are precluded because of the demoralization that takes place among a crew. The perception as well as the reality of impropriety that can enter into it, impairs good order and discipline, sir.

Senator **Inouye**. Do you take into consideration extenuating circumstances, such as love? [Laughter.]

Admiral **Hazard**. That is not an excuse, sir. [Laughter.]

Senator **Inouye**. I have many other questions that I will come back to. I would like to call upon my colleague, Senator Bumpers.

Senator **Bumpers**. Admiral Hazard, we recently had a fairly famous case at Little Rock Air Force Base. Are you familiar with that?

Admiral **Hazard**. I am not, sir. Could you refresh my memory?

Senator **Bumpers**. Yes. This was a lieutenant, who was a female, and a sergeant, who was a male. It happened before we dismantled the Titan missiles. There was a Titan missile wing connected to the Little Rock Air Force Base. I assume that you have been down in the silos and you understand how complicated they are. It looks like a Buck Rogers situation.

But this lieutenant and this sergeant both agreed that they were not worried about the Soviets, therefore, a few things happened for a few evenings. And she was charged for having a little tryst with a sergeant, and was convicted. That was reversed, and I think she was retried about 3 weeks ago and acquitted.

Now, my question to you is this. She was convicted not for neglect of duty or not paying attention to what she was supposed to be doing there, she was charged because she was an officer fraternizing with an enlisted man.

Do you think that is a fair rule in that circumstance?

Admiral **Hazard**. I hate to comment on an Air Force case, that does not fall, obviously, within my full range of familiarity here. But I would tell you that, in terms of good order and discipline, I would find the case that you represent, sir, to be a fair determination when she was found to be guilty of a violation of good order and discipline. Yes, sir.

I find that undermining of the special trust that is emplaced in an officer.

Now I will also tell you that the new Navy fraternization policy, as enunciated, holds both the senior person responsible as well as the junior person, and both are accountable for their actions. Both could be taken to NJP or article XV proceedings, or something more serious if circumstances warranted.

But that does not offend my sense of propriety at all, no, sir.

Senator **Bumpers**. So you think that in that instance you are not offended because she was at least originally convicted and he was not even charged?

Admiral **Hazard**. I think that the officer has the greater responsibility as the senior. As I say, the Navy's policy would hold both of them accountable. But, I do not know all of the circumstances.

Senator **Bumpers**. Would Navy policy have held both of them accountable?

Admiral **Hazard**. Yes, sir.

Senator **Bumpers**. Are you telling me the rules run all over the lot between the Navy and the Army and the Air Force, and the Marine Corps? In all of these branches of service, those rules are different?

Admiral **Hazard**. Well, each service, sir, taking into account the peculiar circumstances of their operating environment, is allowed a certain latitude by the Department of Defense to make the necessary elaborations of policies that are applicable to those circumstances.

I also do not have even the vaguest idea of what the circumstances were, relative to this young man, and there may be a number of circumstances. Therefore, I am really hesitant to make any pronouncements as to the propriety of the addressal or nonaddressal of his complicity.

Senator **Bumpers**. What if a Navy officer falls in love with a Navy enlisted man, and they decide to get married? Is there any rule in the Navy against that?

Admiral **Hazard**. Sir, the reality is that the fraternization policy precludes you dating enlisted personnel. That is well known to you as you enter the organization, and you are expected to adhere to it. There is no reason, if the motivation to affiliate and marry someone is there, why both of them have to stay part of the naval organization.

Senator **Bumpers**. What do you do with them in that case? Do you cashier them both?

Admiral **Hazard**. No. They could, over time, obviously, terminate their service, complete their service, and at least one of them separate and marry on the outside, or the one who was not an officer might pursue an officer program.

Senator **Bumpers**. I am talking about a case where it is a fait accompli, they just go to the commanding officer the next day and say, "We slipped off over to the next city and got married last night."

Admiral **Hazard**. Well, I am sure that those things happen and they are judged individually on the case merits. Whether that would invariably result in after-the-fact pursuit of fraternization, I really cannot tell you, sir. You have to look at the circumstances, quite frankly, of each and every case.

If the two individuals were in the same chain of command, I would say that the seriousness of the events of the relationship would militate my looking at it very, very seriously, in terms of the addressal of followup action.

Senator **Bumpers**. Do either of you have any comment on this situation of the lieutenant and the sergeant?

Chief **Ballard**. Yes, sir; I have a personal comment.

Senator **Bumpers**. Are you familiar with the case?

Chief **Ballard**. Yes, sir, I am.

Senator **Bumpers**. Would you pull the microphone closer, please?

Chief **Ballard**. Yes, sir.

My personal opinion on it is that in all of our respective services we understand the fraternization issue. The problems with this particular case are dereliction of duty and both individuals being in the same chain of command; that is where a problem was created. You cannot dictate relationships. The unprofessional act that took place in the line of duty compromised both individuals, in my opinion, as leaders in our military.

Now, were it away from the job site, that is a different issue. Were they not in the same chain of command, in my mind, that is a different issue. But when they are in the same chain of command and have an ability to affect the other's career and promotion opportunity and different things, it can affect morale.

But I think the big mistake was the act took place at the job site on duty time. Both parties used very poor judgment. Be it for fraternization or whatever issue, to me, it was poor judgment on their part, and unprofessional behavior.

Senator **Bumpers**. Well, Chief Ballard, I have a tendency to come down on your side on that, too. The thing that seemed unfair to me was that there was an equal burden of dereliction of duty. And I never could quite understand why he was not charged and she was charged with fraternization, when it seemed to me like the larger problem was that there was a severe dereliction of duty.

Chief **Ballard**. Mr. Bumpers, I believe the way the USMJ is written—the senior person has the responsibility to control the situation. And honestly—the way the regulation is implemented, enlisted people, when you get right down to it, cannot be charged under the USMJ with fraternization in the Air Force. Had the individuals in this case been charged with dereliction of duty both would have been charged.

Because of the way the USMJ is written, it applies strictly to officers. However, the same principles apply in enlisted-to-enlisted relationships and can be dealt with administratively and, under some particular circumstances, judicially.

Senator **Bumpers**. Well, let me move on. I must say that I am a little troubled by the fact that apparently these different branches of service have different rules on this. And it seems to me that that does not make a lot of sense. But we will see further into that.

WOMEN IN COMBAT

Let me ask you another question, Admiral Hazard. You would agree with me that in wartime, if a woman is on a ship, she is in combat, or would you not agree with that?

Admiral **Hazard**. Not necessarily.

Senator **Bumpers**. Well, if she is traversing the seven seas in wartime, do you think she is in combat?

Admiral **Hazard**. Not necessarily, sir.

Senator **Bumpers**. Do you think she is in any danger?

Admiral **Hazard**. Possibly, but perhaps not as much as those who are residents in Washington, DC, these days. In an era of cruise missiles, for example, she might be in considerably less danger.

Senator **Bumpers**. If a woman were on an airplane that was going to fire a cruise missile 500 miles outside the Soviet Union, not penetrate the Soviet Union, but she is just on an airplane that is getting ready to fire a cruise missile into the Kremlin dining room, do you think she is in combat?

Admiral **Hazard**. Yes, sir; by virtue of the definition of combat.

Senator **Bumpers**. But you do not think a woman on a ship carrying a truckload of oil to resupply our troops, with Soviet submarines all around, you do not think she is in the same situation?

Admiral **Hazard**. Not necessarily, sir; no. Not by virtue of the definition of combat that has been agreed upon.

Senator **BUMPERS**. I am not talking about somebody who is on the front line in the trench shooting at each other.

Admiral **HAZARD**. She is in danger, but that does not necessarily mean combat.

Senator **BUMPERS**. Well, combat is a relative term, is it not?

Admiral **HAZARD**. It has a prescribed definition within the Department of Defense.

Senator **BUMPERS**. What is that definition?

Admiral **HAZARD**. The definition is to seek out, reconnoiter, and engage the enemy.

Senator **BUMPERS**. Is a truck driver or a jeep driver, if they are in the approximate environs of where there is firing going on, do you consider her to be in combat?

Admiral **HAZARD**. In a combat area might be one way of responding to that, but in combat or assigned to a combat mission would have perhaps a different response.

Senator **BUMPERS**. Did we not lose a woman in Panama?

Admiral **HAZARD**. I am not aware that we lost a woman.

Senator **BUMPERS**. Did we? There were no women injured there?

Admiral **HAZARD**. No; I do not believe so.

Senator **BUMPERS**. Were there women in Panama during the fighting?

Admiral **HAZARD**. Yes, sir; there were.

Senator **BUMPERS**. And in what capacity?

Admiral **HAZARD**. Well, I am not an expert on that situation.

Senator **BUMPERS**. Were not there jeep drivers and truck drivers hauling troops into combat?

Ms. **NEIZER**. Yes, sir; they were performing jobs that were combat support, technically. I think what you are asking, sir, is, were they exposed to hostile fire, which is quite different than the true definition of combat.

Senator **BUMPERS**. Well, in this case they were, were they not, exposed to hostile fire?

Ms. **NEIZER**. Yes, sir; as part of their duties, they did have to protect themselves.

Senator **INOUYE**. If the Senator would yield. There was a captain, a company commander of a military police company.

Senator **BUMPERS**. A woman captain?

Senator **INOUYE**. Yes; and they were shooting all around her.

Senator **BUMPERS**. Well, are there any countries on Earth who deliberately put their women in combat, have a policy of putting women in combat, and if so, what countries are they?

Admiral **HAZARD**. There are, to my knowledge, several countries that have lifted the combat exclusion. As I recall, one is Denmark, another Norway. I believe Belgium has also. And I believe that Canada has, in recent years, moved in that direction, as well, sir.

Senator **BUMPERS**. Did the Soviets or the Israelis, either one?

Admiral **HAZARD**. Neither one.

Senator **BUMPERS**. Neither of them?

Admiral **HAZARD**. No, sir.

Senator **BUMPERS**. Do they draft women?

Admiral **HAZARD**. Not to my knowledge, no, sir.

Senator **BUMPERS**. Are you telling me the Soviets and Israelis, neither one draft women?

Admiral **Hazard**. That is correct. They have but they do not currently. The Israelis, for example, have not used women in combat for many, many years. They did during, I believe it was, the 1960's for a very short period of time, and then made a conscious choice not to do that.

The Soviets did when their homeland was being invaded and they had absolutely no manpower to put on the front lines. They used their women as cannon fodder out front.

Ms. **Neizer**. Also, sir, the Netherlands has also opened their armed services, and more recently, the British Royal Navy has just opened—or dropped their combat exclusion for that service, also.

Senator **Bumpers**. Just a couple of quick questions, Mr. Chairman. I do not want to monopolize the time here.

Ms. Neizer.

Ms. **Neizer**. Yes, sir.

Senator **Bumpers**. Ms. Neizer, you have suggested a 4-year study of this issue, is that right?

Ms. **Neizer**. Yes, sir, we have.

Senator **Bumpers**. Now the Canadians have already done such a study and reached certain conclusions, which would not be favorable to the position I think that you would probably take. What would we get out of a study that we do not already know from the Canadian study?

Ms. **Neizer**. Well, we hope, depending upon how the study is fashioned, it is difficult to say at this point. We have left it to the Army to develop a program that would provide us with good statistical information on which to make a decision.

But if we look to some of the other services, like Canada's, we would look to their whole program. Yes, we understand that the Canadian Army forces' results have not been that encouraging as far as women qualifying for infantry-type jobs.

But the military is broader than just infantry. It is a spectrum which includes Navy and Air Force. And what we would like to look at is the broad spectrum, also, about how they have done in the fighters, being pilots, and also serving aboard ships.

Unfortunately, the combat exclusion laws prevent the DACOWITS from making that recommendation for U.S. women to serve in those areas. For that reason, and that reason only, we have looked to the Army to propose a 4-year test study.

And again, the gamut is that yes, there are areas like infantry, but there are a whole host of other direct combat support jobs that could be utilized as part of that test program that would also expand opportunities for women in the Army.

DISCRIMINATION

Senator **Bumpers**. Ms. Neizer, would you say—just forget the 4-year study, forget the question of whether we are going to put women in forward positions or subject them to combat conditions, and so on.

Do you want that in order to expand the opportunities for upward mobility, or do you want it because you think it is discriminatory? And a third facet of that is, how well, completely aside from this question, do you think women are being treated fairly in the services?

I mean, is there discrimination against women? Is there an inordinate amount of sexual harassment? Or just how would you say it? Are women getting a fair shake under conditions as they exist?

Ms. **Neizer**. That is a loaded question, sir, so I will start with the last part first, and this is my reading on women in the military. They have made a lot of progress. A lot of ground has been gained even over the last couple of years with many of the changes.

Are they getting a fair shake in certain areas? Yes, they are, and in other areas discrimination is ever so much more subtle these days so it is harder to prove that things are—that things might be running amok.

But I know that the services and the willingness of the services to provide a fair playing ground for women so that they can have full opportunity, that desire of the services is sincere, and they are working hard to make it happen.

The other part of your question in regard to should women have that ability to serve I think was at the beginning.

Senator **Bumpers**. Well, let me rephrase the question so we are talking about the same thing.

My question is, do you feel that women want this opportunity for being placed in forward positions, maybe in combat or combat support roles and so on because they feel that it is discriminatory not to allow them to do it? Or do you think that, just by broadening those horizons for them, it gives them more opportunities to advance in the service?

Ms. **Neizer**. I would respond, in that, I would say it is more the latter.

But even before I say that, let me put it this way. We have spoken with a lot of women at military installations in the United States and overseas. Their first desire is to serve this Nation in defending freedom, period. After that they would like to serve in every capacity. A lot of them would like to serve in all capacities that are permitted by law, and to the extent that they can change the laws, they would like to see those laws changed so that they could have fuller career opportunities to serve this country in many different capacities that right now they are excluded from. It really is quite that simple.

They believe in the job that they are doing. They are smart, they are capable, they are dedicated, they are professional, and they feel that—a lot of them feel that they should have all the career opportunities that are afforded to many of the men in the services, and they seek the same types of opportunities, but first and foremost they realize that they are there to make sure that the services are prepared to do the job that they will be required to do in any scenario, and for that they will be prepared.

If you broaden the opportunities for them, I believe that they will step forward and serve it in any capacity that they are allowed to serve.

Senator **Bumpers**. Ms. Neizer, how many women do we have serving in all the branches of the service right now?

Ms. **Neizer**. Currently there are 229,000 women in all the services.

Senator **Bumpers**. Thank you, Mr. Chairman.

Senator **Inouye**. Before I call upon Chief Ballard, Admiral, just a clarification.

Under your fraternization policy can a naval officer, male, serving in San Diego in the naval shipyard, not on board a ship, but as an engineer, get married to an enlisted Navy female in the Pentagon?

Admiral **Hazard**. Sir, I am sure that such instances or similar ones have taken place. They have taken place when the individuals have been astute enough to conduct their relationship with appropriate regard for good order and discipline and a sense of what is appropriate and right. They may have taken place without recrimination or consequent negative action of a disciplinary nature for both individuals.

That is markedly different, obviously, than if they are within the same chain of command. But the reality is that by policy, we advocate that officers associate with officers and enlisted associate with enlisted. If it happens otherwise, then obviously each case has got to be judged on its own merits.

In the case that you represent, it may never come to the knowledge of the institution until many, many months later.

Senator **Inouye**. In the line of command you described need not be on the same base. It could be on other bases?

Admiral **Hazard**. That is true.

SEXUAL HARASSMENT

Senator **Bumpers**. Mr. Chairman, I am going to have to leave. I asked a while ago about an inordinate amount of sexual harassment. I guess any amount of sexual harassment would be considered inordinate. The question probably should have been phrased differently. How prevalent is sexual harassment?

Admiral **Hazard**. May I comment on that?

Senator **Bumpers**. Yes.

Admiral **Hazard**. The incidents, like child abuse in the Nation at large, are becoming more known. I speak for the Navy now, but it is also true of the other services as well—we have as an institution vocalized with clarity and definitiveness, as never before in the last couple of years, that this is an untenable kind of activity, and it will not be tolerated. We have encouraged people to make known to the harasser when it occurs that they will not accept that kind of action. We have also given them an avenue for making that kind of action known. We still do not have a definitive indication of what the incidence has been, but we have seen more willingness to talk about the incidents of late.

I will tell you that the Navy has conducted a very brief survey recently that indicates men and women acknowledge the fact that the Navy has made this policy statement and they mean it, and that is very encouraging to the women as indicated on this survey.

They now know they can go to other than the base level if something untoward happens. If they do not want to go to their chain of command, or if their chain of command is involved in this activity, then they know that they have the opportunity to use the hot line, call the IG for example. We have plastered all over the bases the IG numbers with the encouragement to do that.

They also know that the chain of command is going to be held responsible for those instances of harassment that do, in fact, take place.

We have had a number of NJP cases and even some court martials over the last couple of years putting teeth behind the policy enunciations. Of the 42 percent of our youngsters who did indicated that they had experienced harassment, 26 percent of them were enlisted, and they most frequently cited teasing, whistling, and comments as the nature of the harassment that they were experiencing.

We are convinced that with the progressive education and the continuing teeth in the system, sexual harassment is going to attrite. We will minimize significantly the more serious manifestations of harassment with which we are all familiar. Whether we will expunge it totally, sir, I hesitate to predict that because we are dealing with human beings.

Senator BUMPERS. Mr. Chairman, thank you for allowing me to interrupt you on that.

Senator INOUYE. Thank you.

Chief Master Sergeant Ballard, you spoke of four enlisted areas that were not open to women. What are the four areas?

Chief BALLARD. Yes, Mr. Chairman. Aerial gunner, command and control, pararescue and recovery, and tactical air command and control are the four areas.

Senator INOUYE. Command and control, is that combat?

Chief BALLARD. It is command and control in the field of missions and aircraft and behind the lines.

Senator INOUYE. For the past 3 fiscal years you have noted that female retention in the Air Force has been lower than that of males. What is the reason for this?

Chief BALLARD. I personally, from my perspective, think that many times what we see is that many of the women will get married and even though the Air Force has a very supportive program on joint spouse assignments and tries to get couples together at the same locale to balance two careers and assignments, as you progressively move up in rank, joint spouse assignments become very, very difficult. There are only certain locations where you can go if you are in specific career fields. If a person wants to move ahead, oftentimes the other member makes the decision to get out and not continue in order to enhance the other service member's opportunity for promotion.

Senator INOUYE. Yours has been a most extraordinary career. You have been everything from a dental technician to first sergeant for Test and Evaluation Squadron in addition to your current assignment. Through all of this experience in many years have you had any occasion to witness instances of sexual harassment?

Chief BALLARD. Yes, sir; over the years there have been many at different times and at different levels. Today I believe the harassment is more subtle and, again, it depends on the definition, what the individual definition of harassment is, but I think we have come a long way over the years in comparison to when I first came in in 1973 to today.

The other thing that changes is it is a little different as you progress in the service and your experience level goes up. When I was younger it was a lot different. Today I know how to handle myself and able to make it quite clear that I will not tolerate or ignore such behavior. I do not accept this sort of behavior at all.

AIR FORCE FRATERNIZATION POLICY

Senator **INOUYE**. Does the Air Force have a fraternization policy similar to that of the Navy?

Chief **BALLARD**. Our policy is a little bit different. I do not know the complete detail of the policy.

Personally I think that people have to be allowed to be professionals, and if we go beyond that to where they are compromising their command or authority, then we have a problem with it.

I personally think there is no problem with an enlisted woman or man being married to an officer who is not in the same chain of command. OK, that is my personal feeling. That is not the Air Force attitude. That is my personal feeling.

Senator **INOUYE**. What is the Air Force attitude on that?

Chief **BALLARD**. Well, they do not encourage it. In fact, I think in the training of the officers and things they are discouraged in the training process to fraternize and told that the Air Force does not accept this behavior.

Senator **INOUYE**. Would it be all right for an enlisted person to marry an enlisted person?

Chief **BALLARD**. They accept that quite readily, sir.

Senator **INOUYE**. In the same chain of command?

Chief **BALLARD**. Yes, sir; I have seen that.

Senator **INOUYE**. So all three of you believe that the situation for women has improved opportunitywise, careerwise, paywise, and respectwise?

Admiral **HAZARD**. I would be the first to indicate, sir, that the millennium has not arrived, but we have come a great distance. I would comment that certainly the Navy has made inordinate strides in the last decade. Particularly, I would say the Navy has made progress even within the last 3 years to expand the opportunities and enhance the utilization of women, to make them more a part of the mainstream and directly contributing to the important missions of the Navy.

In terms of pay, sir, the services have always been out ahead of mainstream America because there has been equal pay for equal service in our armed services since I was commissioned.

Senator **INOUYE**. Do you all concur?

Chief **BALLARD**. I concur as well, Mr. Chairman. I receive the same pay as any chief master sergeant in the Air Force, and I really believe I have had a greater opportunity to excel in my service than I maybe would have had in the civilian sector.

I have been able to move ahead in promotions because of my abilities and my dedication to my position versus being male or female. It is on your own merit, and I think that says a lot for our service.

Senator INOUYE. Ms. Neizer, Admiral Hazard, and Chief Master Sergeant, I thank you very much. You have been most helpful to us in giving us the benefit of your experience and expertise.

ADDITIONAL COMMITTEE QUESTIONS

We will submit the balance of the questions for response in the record.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR INOUYE

PROMOTION PROBLEMS

Question: Admiral Hazard, is there a direct quantifiable benefit to women in promotional opportunities, as more military specialties are being opened to them?

Answer: For enlisted, advancement opportunities are related to rating category, not gender. For both men and women, advancement opportunities are greater in non-traditional, sea intensive ratings (engineering, deck, electronics, etc.), than in traditional, shore intensive ratings (administration, medical, dental). Previously, women were almost exclusively concentrated in the traditional administrative ratings. As more sea duty billets were made available and more women enter non-traditional fields, their advancement opportunity has increased.

FEMALE ADVANCEMENT OPPORTUNITY

Sep 1987		Mar 1989
47%	Overall	47%
49%	Traditional	47%
64%	Non-Traditional	84%

An example of a traditional rating is Personnelman (PN); an example of a non-traditional rating is Boiler Technician (BT):

	FEMALE		MALE
	Sep 87	Sep 89	Sep 89
PN	41%	36%	35%
BT	75%	100%	97%

Officer promotion opportunity has historically been equitable.

Question: In your experience, are men in the military now more willing to be led by women?

Answer: Yes. As more women are placed in leadership positions, the novelty has worn off. The "willingness to be led" depends upon the leadership ability of the leader, male or female. When the chain of command demonstrates confidence in a leader, that confidence is felt throughout the leader's organization.

SEA DUTY FOR WOMEN

Question: As more and more women are being assigned to ships, is the feedback from senior officers and senior enlisted members assigned to those ships favorable?

Answer: Yes. At a recent Women at Sea Conference for post-command commanding officers of ships and aviation squadrons the overall opinion of the COs was that females are as good as/better than their male counterparts, and female officers and senior enlisted females are very professional and competitive.

Specific comments from post-command COs include:

"Motivated women are fantastic sailors. Best you have ever seen. Have high capacity for work, extremely effective at detailed work, and their cheerfulness is contagious."

"Enlisted and officers are 'cream of crop,' i.e., the best recruiting has to offer."

Question: If there are perceived problems, what are the ones most frequently cited?

Answer: Unplanned losses of pregnant females from ships is the most commonly reported problem. When a woman on a ship becomes pregnant, she may remain aboard for a maximum of 20 weeks. She must transfer earlier if the ship deploys or if she has pregnancy-related medical problems.

HARASSMENT AND FRATERNIZATION

Question: Admiral Hazard, you refer to a new Navy fraternization policy. I assume this policy applies to shipboard.

Answer: The Navy's fraternization policy is new only in the sense that it was formally promulgated as an instruction in February 1989. In reality, it is based on over 200 years of seagoing experience. Fraternization is a gender-neutral concept used to identify personal relationships which do not respect the customary bounds of senior-subordinate relationships. These improper relationships, which may occur at sea or ashore, can be between an officer and an enlisted member, two officers, or two enlisted members.

Question: How would the Navy treat a female Navy officer who married an Air Force enlisted man?

Answer: The Navy's policy states "Servicemembers who are married or otherwise related (father/son, etc.) to other servicemembers must maintain the requisite respect and decorum attending the official relationship while either is on duty or in uniform in public," i.e., must not be unduly familiar or not respecting of differences in rank and grade. So, unless inappropriate behavior is evident in this hypothetical relationship, the Navy would treat them as it would any other married service couple.

Question: Since the institution of your sexual harassment hotline, has the reporting of sexual harassment increased? If so, how much?

Answer: Yes, numbers of reported incidents are slightly higher. We are not sure if this represents a real increase of sexual harassment or an increased propensity to report harassment. The data presented below reflects only those complaints reaching the Navy headquarters level (via hotline, walk-in, phone in, letter complaints, and from Congressional interest cases).

DATA FROM ANNUAL ASSESSMENTS

Reported/Substantiated

	FY87	FY88	FY89
Male	0/0	0/0	0/0
Female	10/5	38/6	31/10

Question: Is a hotline call anonymous, or are specific cases reported for investigation?

Answer: Yes, the hotline call can be anonymous if the caller so desires. The caller is not required to reveal his/her identity in order for an investigation to be conducted. However, the caller is asked to follow-up telephone contact with a written summary of the issue to ensure the facts are clear.

Question: Before the hotline, what avenues were available for reports of sexual harassment?

Answer: The Navy's Grievance and Redress Procedures have been in effect for several years. They allow harassment complaints to be resolved informally, formally with the chain of command and via legal channels.

Question: Is it possible to compare the numbers of reports of sexual harassment under the old system and since the inception of the hotline?

Answer: No, our analysis indicates that comparison is not meaningful. For example, in FY82 only three sexual harassment complaints were reported at the headquarters level--we don't have any data to indicate substantiated or not.

Question: In your own mind, do you believe the Navy has a firm commitment to ending sexual harassment at every level and in every circumstance?

Answer: Yes, the Chief of Naval Operations has made it clear that sexual harassment will not be tolerated. The following are steps taken to eliminate sexual harassment:

- Mandatory training for all personnel
- Revision of all policies on sexual harassment
- Sexual harassment included as special interest item on all Inspector General visits
- Promulgation of the hotline number as alternate means of reporting
- Navy Affirmative Action Plan implementing sexual harassment incident reporting in order to more accurately assess the number of cases.

Question: One of the complaints voiced by service women and spouses has been inappropriate entertainment at on-base clubs. Are there still complaints about such entertainment?

Answer: Entertainment standards were clarified and tightened in the Navy's Manual for Messes Ashore in June 1988. A few complaints have been received since promulgation of the revised guidance, and those situations have been corrected.

Question: Has Navy taken any steps to assure that such entertainment stops?

Answer: The new entertainment policy directs commanding officers to ensure appropriate standards of good taste are maintained through personal inspection, advisory board recommendations, and documented patron surveys. COs are advised to encourage more female representation as advisory board members and to require clubs to meet expressed needs of all personnel and their families.

MEDICAL CARE

Question: Admiral Hazard, one of the most pressing problems in recent years for the military has been the provision of adequate medical care, in particular, medical care for female military personnel and dependents. As the numbers of women increased in the Services, the Services themselves did not react swiftly enough to adjust the medical system to their increasing numbers. The Navy apparently had a particularly difficult time because of the general state of Navy medicine. Do particular problems still exist in medical care for women Service members?

Answer: In a recent DoD survey of women's health care concerns, access to care remains a dissatisfier. There were several perceived problems, including: (1) average wait for an appointment too long; (2) average wait at medical treatment facility too long; and (3) test result turn around time too long. Each of these issues is being addressed throughout the Navy medical system. Actions taken include: (1) re-emphasizing active duty priority for care; (2) increasing contract funds available for OB/GYN care; (3) steps to resolve the shortage of nurses and physicians, aimed at both retention and recruiting; (4) reviewing appointment systems and making improvements where needed; (5) improving patient notification of tests results; and (6) focusing attention on supervisor and healthcare team sensitivity toward women's medical needs. We were pleased to note general satisfaction with the quality of care provided.

Question: There have been instances in the past when Navy bases with large numbers of female Service members and dependents were without the services of OB/GYN specialists. Has this problem been corrected?

Answer: Yes. The Bureau of Medicine and Surgery recently completed a study of the distribution of OB/GYN physicians throughout the Navy. Billets for OB/GYN physicians were realigned to ensure that all overseas and all remote locations in the U.S. are covered by either Navy or contract OB/GYN physicians. Other areas provide access to care through the use of Family Practice physicians, nurse practitioners, physicians assistants, and nurse midwives. Each of these providers is trained to provide routine OB/GYN services.

Question: You mention the problem of pregnancy. How long are pregnant service members allowed to serve on ships?

Answer: A pregnant servicewoman may remain on board a ship until the 20th week of pregnancy. She must transfer prior to the 20th week if the ship deploys or if she has a pregnancy-related medical problem.

Question: How is medical care provided for them at sea?

Answer: At sea, care may be provided by a General Medical Officer, a Physician's Assistant, or an Independent Duty Hospital Corpsman, depending on the size of the ship's crew. Each of these providers is trained to provide emergency OB/GYN services.

Question: You refer in your statement to a new Navy policy on the Management of Pregnant Service Women. Under the new policy, a female Service member may be reassigned to sea duty four months after giving birth. The former policy permitted reassignment after six months. Why has this policy changed?

Answer: In the process of revising OPNAVINST 6000.1, Management of Pregnant Servicewomen, the medical community re-evaluated the six-month policy, assessing that four months after delivery is sufficient time to regain strength for sea duty.

Enlisted Female Retention #1

QUESTION: Chief Ballard, apparently reenlistment rates for women are lower in first-term, second-term and career categories. This seems to indicate that Air Force careers for these women are not as attractive as they are for men. Could you comment?

ANSWER: The reenlistment rate for single women is very comparable to single men. In fact, first-term single females have a better reenlistment rate than single males. However, married females have a lower rate than married males in all categories of enlistment--first, second, and career categories. Family stability associated with military couples may be a significant factor. When faced with an undesirable assignment decision, couples are more likely to make the decision that the female will separate. The relatively low reenlistment rate of married females may reflect the continuing pressures for females to fulfill more traditional roles in rearing a family.

Enlisted Female Retention #2

QUESTION: Is lower retention true across-the-board, or are there certain specialties which consistently have lower retention rates than others?

ANSWER: A review of enlisted retention activity during the past three fiscal years shows lower female retention is not restricted to anyone AFSC or specialty area. Even specialities traditionally having a large female population--administration--show female members tend to leave at a greater rate.

The bulk of the Air Force female officers (87%) are in the mission support career field. Within the mission support specialty, single female officers have higher retention than single male officers, perhaps indicating their relative satisfaction with the equality built into the military pay and benefit system.

Married female retention is about the same as single male retention, however, it is significantly below married male retention. A possible factor may be that nearly 53% of married female officers are married to another military member and when forced into an undesirable assignment decision, working couples appear more likely to decide that the female will separate. We feel that marital status and rules of supply and demand are bigger retention factors than gender and specific duties being performed.

If we examine the female pilot population, which is extremely small, we find the voluntary loss rates for female pilots are higher than for their male counterparts. In fact, female pilots have a significantly higher loss rate than females in other Air Force career fields. A national shortage of pilots has prompted extraordinary airline hiring practices and the experienced female is a particularly attractive asset to the civilian sector.

Careers in the Military #1 & 2

QUESTION: Chief Ballard, I note from your biography that you went into the Air Force in 1973, long before some of the reforms that have been discussed were even being considered. Can you tell us if, from your perspective of having seen both the "before and after" the treatment of and career opportunities for women in the military have improved perceptibly? Can you elaborate?

ANSWER: During my first two years of service, I felt if I could achieve the rank of TSgt E-6, I would have accomplished something. And here I am 16 years later one of 42 female CMSgts E-9 on active duty today. As a first sergeant, I was responsible for predominantly male squadrons. Years ago, if I had been a first sergeant I would only have been assigned to a totally female squadron. As more and more women commit themselves to Air Force careers, they are able to move up in rank on an equitable percentage to their male counterparts.

Careers in the Military #3

QUESTION: Have promotion opportunities improved so that equally qualified men and women in the same specialties can reasonably expect to be promoted at the same rate or are men promoted more quickly?

ANSWER: I can assure you that women officers receive fair and equitable promotion consideration. Officers, regardless of gender, are selected for promotion simply based on their potential to serve in the next higher grade. The quality of women officers has steadily improved to where their promotion rates to captain have risen over the last seven years as compared to total line officer rates. Women have also done well in promotion boards to major, particularly during the last two majors boards, and these women have gone to excel at promotion to lieutenant colonel where their selection rates have been greater than their male counterparts in every lieutenant colonel board since 1983. Comparison of women promotion rates to their male counterparts at the colonel boards has varied through the years; however, the relatively small number of women eligibles to colonel tends to skew the selection rates.

The promotion opportunity for the top five enlisted grades in the Air Force is established by the Weighted Airman Promotion System (WAPS). WAPS uses objective criteria for promotions to the grades of staff sergeant (E-5), technical sergeant (E-6), and master sergeant (E-7). Promotions to the top two NCO grades--senior master sergeant (E-8) and chief master sergeant (E-9), are based on a combination of the objective WAPS criteria and a subjective evaluation board score. The WAPS system uses Equal Selection Opportunity (ESO) for all Air Force specialties.

Simply, if the overall promotion opportunity is 10 percent, then each specialty receives 10 percent of the available promotions. Airmen compete, test, and are selected in their Control Air Force Specialty Code; therefore, the ratio of men versus women promoted varies from one specialty to another. Overall, women have a slightly lower selection rate than men for promotion to the grades of staff sergeant, technical sergeant, and master sergeant. Conversely, their selection rates for senior master sergeant and chief master sergeant are higher.

Sexual Harassment

QUESTION: Chief Ballard, all of the Services have been instructed by DOD to make every effort to curb sexual harassment and to set up clearly defined means of reporting such harassment. In your opinion, has the Air Force done a good job in curbing sexual harassment?

ANSWER: Yes, compared to when I entered the service in 1973. The Air Force began aggressive sexual harassment education in the early 80's by providing mandatory 2-hour training for all personnel up to the rank of Colonel.

QUESTION: Are enlisted members informed of the methods for reporting such harassment, if it occurs.

ANSWER: The Air Force provides a first duty station class on sexual harassment and sex discrimination awareness training for all new Air Force members. Training, also takes place throughout our careers in Professional Military Education courses such as NCO Preparatory Course, NCO Leadership School and NCO Academy.

QUESTION: Do you think enlisted women would be comfortable reporting harassment, without being afraid of the effects such a report might have on their careers?

ANSWER: Most people feel comfortable.

QUESTION: Ms. Neizer, in your visits to military bases and in your discussions with nurses, what do you feel are the principal reasons for the nursing shortage in the military -- besides the shortage of nurses in general?

ANSWER: I believe the principal reasons for the nursing shortage in the military are threefold. First, the private sector has enhanced nursing salaries and benefits over the last 5 years, but the military is limited by budget constraint to have comparable salaries and educational benefits. The Services have recently instituted some new programs which should have a positive recruiting/retention effect. Second, the nurse-patient ratio has increased over the years. They have assumed many of the duties of clerical staff, whose numbers have been reduced. Third, promotion rates have been limited because of Defense Officer Personnel Management Act (DOPMA).

QUESTION: Does DACOWITS feel that the military Services offer an attractive career opportunity to nurses?

ANSWER: It depends upon the career criteria being measured. The military is an attractive career for nurses if they want to be a generalist in their field, they value quality of life and retirement benefits, or they want to travel the world. The Services generally do not let their nurses specialize in one area, such as intensive care, and the pay is not competitive with their civilian counterparts. Therefore, if a nurse is concerned about a high salary, specialization, or career progression or has a desire to stay in one location, then the individual may be better accommodated in the private sector.

QUESTION: Ms. Neizer, in your discussions with women in the military, have you heard reports of what has been termed "date rape?" Are these reports numerous? Is this a widespread problem?

ANSWER: Yes, I have heard of cases of "date rape." The reports are numerous based on the number of cases reported. I do not believe this a widespread problem, but it is difficult to say with certainty since many valid cases go unreported.

QUESTION: When you speak of sexual harassment in the military, are you speaking of the subtle, insidious forms of harassment which are difficult to specify, or are most instances of which you are aware so overt and obvious that there is no doubt?

ANSWER: When I speak of sexual harassment, most often I refer to the subtle forms which are difficult to prove because of the indirectness of actions or inaction. The overt incidences are not as common due to awareness of the negative consequences, but I believe they continue to occur.

QUESTION: Do you know of instances where sexual harassment has actually led to female Service members leaving the Service?

ANSWER: Yes. Some women find their military work environment too difficult. When they determine they cannot be productive, they have chosen to separate. It takes a high level of self-confidence and a strong personality to survive some situations that I have heard about, and some women are overwhelmed by the effects of harassment.

QUESTION: Do you believe that senior leadership in the Armed Forces take the fact of sexual harassment seriously?

ANSWER: Definitely.

QUESTION: What steps have you seen the leadership take since your initial reports that indicate a determination to deal with this troublesome issue?

ANSWER: The Secretary of Defense issued a letter clearly stating his policy for equitable treatment of women in the Services. The Service Secretaries echo that belief regularly. In fact, the Commandant of the Marine Corps issues a white letter bi-annually to all his commanders which expresses zero tolerance for sexual harassment.

QUESTION: Ms. Neizer, in your travels to military bases, have you gained the perception that women are interested in training in combat specialties and that they would want to serve in those specialties in the event of a war?

ANSWER: Yes. The level of interest from women varies across the Services. The highest level of interest comes from women in the Air Force who would like to train and perform duties on all combat aircraft including fighters and bombers. They already serve in combat support planes and as crew members, and they believe they could meet all qualifications, physical and intellectual, to fly combat aircraft.

The next level of high interest comes from women in the Navy. They believe they should be able to deploy upon combat ships like carriers. Carriers are platforms for combatant vehicles, and carriers rely on other battle group ships for their defense. Although carriers are a target, are not the Combat Logistics Force (CLF) ships which women sailors are assigned to currently?

The level of interest to serve in combat specialties for women in the Army and the Marine Corps is mixed. Because these Services have ground combatant units requiring increased physical strength capabilities, the interest of women in infantry-type jobs is relatively low. Other areas, like field artillery and cannons, continue to be of interest for many women in the Army. Women continue to express interest in pilot combat positions in the Marine Corps, but they are precluded because all Marine Corps aircraft have combat missions.

QUESTION: Did your recommendation address any possible changes in training programs to allow women to serve in combat specialties? Several articles in the newspapers recently have mentioned that women might not be able to complete the training done by men because of such things as the difference in upper body strength between men and women. Could you comment?

ANSWER: No. The DACOWITS recommendation defers to the Army's judgment in structuring the training program. I expect that the average woman would have difficulty meeting the physical standards for infantry positions, but they would have no problem passing tests in other MOS's like combat aircraft or field artillery, where they have already performed successfully. One must remember that combat jobs cover a broader spectrum than just infantry.

QUESTION: Should women have to meet the same standards as men, or should there be different standards?

ANSWER: Standards should be set for the job-whether physical and/or intellectual. As a follows-on, both men and women should have to meet those standards.

QUESTION: Are the services consistent in the specialties they classify as combat-related? I note in your statement that the Marine Corps allows women to serve in engineer support battalions, but the Navy does not allow women to serve in Naval Mobile Construction Battalions, which DACOWITS believes are similar.

ANSWER: No. There are many jobs that are alike, but because of deployment logistics or secondary mission requirements, Services can open or close the position. DACOWITS believes Naval Mobile Construction Battalions (NMCBs) should be open to women, but because they must deploy on combatant ships to perform their work, the Navy believes NMCBs should remain closed to women. The exclusion of women from NMCBs is primarily for logistical reasons. There are other areas, like the Marine Corps KC-130 aircraft, which have a secondary combat mission preventing the assignment of women. The Air Force permits women to crew their C-130 aircraft, which have similar mission requirements. Also, in contrast to the other Services, the Air Force recently opened their Air Drop Crews to women, which permit them to fly low-altitude missions.

QUESTIONS SUBMITTED BY SENATOR BYRD

ENLISTED PERSONNEL ISSUES

Question: The reductions in active duty military personnel strength that will almost certainly occur during the 1990's will probably require some force reductions affecting career enlisted personnel. Current law does not authorize severance pay for enlisted personnel who are involuntarily separated from the services (either explicitly or through denial of reenlistment) before they are eligible for retirement, although severance pay in such circumstances has been authorized for officers for many years. Does the Department of Defense intend to authorize severance pay for enlisted personnel as well as officers? If not, would you please explain the rationale, especially in an era of large career force reductions, for continuing to provide severance pay for officers -- who are better paid and probably better able to enter more lucrative civilian careers after their military service -- while not providing severance pay for enlisted members of the armed forces?

Answer: The Navy supports DOD's plan to propose legislation in the near future which would entitle involuntarily separated enlisted careerists to adequate separation pay. However, the Navy plans to avoid involuntary enlisted separations, and instead reduce the size of our enlisted force through voluntary attrition and reduced accessions. Although we agree in concept to the necessity for enlisted separation pay, we have no plans to use it as a force reduction tool.

QUESTIONS SUBMITTED BY SENATOR DeCONCINI

QUESTION: As you may know, I have been very involved in the issue of expanding the roles and opportunities available to women who volunteer to serve their country in the Armed Forces. I worked with Senators Cohen and Proxmire on legislation to expand job opportunities to available women in all of the services and I also introduced my own legislation to allow women to train as jet fighter pilots. I believe it would be accurate to state that, while this legislation was never fully considered by the Congress, it did play a role in getting the services to focus on the issue and getting them to open more positions.

I have been very pleased to see women proving their abilities in active duty and performing so well during conflict in the Persian Gulf and Panama. While I support the combat exclusion laws which are on the books, I am beginning to wonder if we - both the Congress and the American people - should not reconsider and possibly redefine what is meant by "combat" in today's modern military battlefield.

Would you agree that, since Soviet ICBMS are targeted directly at our MX and Minuteman missile silos, women who are manning these missiles are in a "combat" setting?

ANSWER: Yes. I believe being a target for elimination or risk of exposure to hostile fire qualifies as combat. Although many of the most recent scenarios are not sustained combat levels, the risk still exists and should not be ignored. In my opinion, many of the direct combat support jobs women are performing make them targets.

QUESTION: Would you agree that the women who served on the tender which got the wounded Stark to safe harbor in Bahrain, guiding it through the mine-laden Persian Gulf waters, were not also in a "combat" situation?

ANSWER: Yes.

QUESTION: Do we face a situation in the very near future where we have a difficult time recruiting the highest quality male recruits because of a shrinking pool from which to recruit?

If so, should we then expand the opportunities available to women so that we can recruit the highest quality women?

ANSWER: Yes. Accession statistics have proven that the demographics are changing such that the number of quality male recruits is shrinking. The Services are starting to feel this effect with the All Volunteer Force, and the Army has started to access larger numbers of men with CAT IV (lowest category) test scores. With the current plans for a reduction in force, these impacts may be reduced in the future.

The Services already access high quality women. By expanding opportunities, they will get more.

QUESTION: If the combat exclusion laws are not changed, are there ways for women to receive equitable treatment as it relates to promotions because they are denied the same opportunities for advancement as men?

ANSWER: If the criteria for promotion selection does not change (e.g., combat experience), then I do not believe women will be treated equitably. The combat exclusion laws prevent women from being the full partners they should be.

QUESTION: Is this denial of equal opportunity a significant factor in the retention of women in the Armed Forces?

ANSWER: Women, like many men, see the Armed Forces as a career, as well as an opportunity to serve their country. Therefore, career progression factors, like a fair playing ground for advancement, are retention issues.

QUESTION: Is not the fact that Army Captain Linda Bray led an attack on a well defended attack dog kennel and faced hostile combat fire, although unintentionally, an indication that some women can, indeed, perform well in combat roles?

ANSWER: Not that I am aware of, I have not investigated nor been privy to such information.

QUESTION: Has there been any indication or evidence or testimony that the men who served under Captain Bray resented her being in command? That they were hostile to her? That they refused to follow orders?

ANSWER: Not that I am aware of, but again, I have not looked into the issue.

QUESTION: Some people who oppose women in combat believe that men are traditionally or instinctually protective of women and that men would leave their positions to protect a woman. Others indicate that men will also have done the same for a "buddy" who has been wounded or who is in distress.

Has there been any indication that the men under Capt. Bray's command left their posts or did anything unusual in order to protect her from the fighting?

ANSWER: Not that I am aware of.

QUESTION: Have there been any studies conducted in the United States or in other countries which indicate that men will be overly protective of women - as opposed to men - in a situation, under hostile fire, or if wounded?

ANSWER: I believe one can look to Panama as a reflection of how men and women will fight together. I credit the Army training for the soldiers' discipline and preparedness. There have not been any formal U.S. studies that I know about, but some cite Israel as a case example of men being overly protective of the women who were in combat. We can now look to Canada and the British Royal Navy to measure this factor.

QUESTION: Can you extrapolate instances of male-female working relationships who are police officers in a situation facing hostile fire to a military or battlefield situation?

ANSWER: I believe it is a fair comparison to measure the ability for women and men to work together and command in a hostile situation.

Women as Fighter Pilots

QUESTION: In the March 21, 1990 edition of the Washington Times, Lt Gen Thomas Hickey was reported as stating that "he believes women can perform any service combat job, including fighter pilot. 'If you want us to put them there, remove the law and we'll put them there." Do you believe that women can be fighter pilots?

ANSWER: Yes, most definitely.

QUESTION: Do you believe that they should have the opportunity to undergo the same rigorous training as men in order to prove their abilities?

ANSWER: Absolutely.

WOMEN IN COMBAT

Question: As you may know, I have been very involved in the issue of expanding the roles and opportunities available to women who volunteer to serve their country in the armed forces. I worked with Senators Cohen and Proxmire on legislation to expand job opportunities available to women in all of the services and I also introduced my own legislation to allow women to train as jet fighter pilots. I believe it would be accurate to state that, while this legislation was never fully considered by the Congress, it did play a role in getting the services to focus on the issue and getting them to open more positions. Would you agree that the women who served on the tender which brought the wounded Stark to safe harbor in Bahrain - guiding it through the mine-laden Persian Gulf waters - were in a de facto "combat" situation?

Answer: The tender which was sent to Bahrain to assist with repairs to the USS STARK had the potential to be exposed to hostile fire or mines while in the Persian Gulf. The tender was escorted by two combatant ships to ensure its safety during its transits through the Persian Gulf. This was not in violation of the combat exclusion law, because the ship was not assigned a combat mission. (The tender did not guide the USS STARK to safe harbor, that had been accomplished prior to the tender's arrival.)

RETENTION IN THE NAVY

Question: Does the Navy face a situation in the very near future where it will have a difficult time recruiting the highest quality male recruits because of a shrinking manpower pool from which to recruit?

Answer: No. As long as recruiting commands are provided with sufficient resources, given the proposed force reduction, there should be no difficulty obtaining high quality recruits for Naval service.

Question: If so, should the Navy and/or Congress expand the opportunities available so that the highest quality women can be recruited?

Answer: Because the Navy has traditionally had more female applicants than it has been able to accept, we have been able to recruit the highest quality females. The Navy can expand opportunities for women by concentrating efforts on steering women to pursue careers in non-traditional ratings and to serve at sea.

Question: What is the retention rate for enlisted women in the Navy?

Answer: FY-90 retention rates:

All-Navy:	51.5%
Males:	52.2%
Females:	46.4%

Question: What is the retention rate for female officers?

Answer: Cumulative Continuation Rates (CCRs) describe officer retention. CCRs are the probability that personnel in year groups three through 12 will remain in the service.

	FY-88	FY-89
All-Navy Female	25.9%	25.9%
URL Female	42.3%	44.8%

Question: If the Combat exclusion laws are not changed, are there ways for women to receive equitable treatment as it relates to promotions because they are denied the same opportunities for advancement as men (if you believe that successful performance in combat is one of the fastest ways for men to be promoted through the ranks)?

Answer: Performance in combat is one of several factors considered by promotion boards. Women are assured equitable promotion opportunity by instructions to promotion boards to give them equal credit for superior performance in the jobs in which they are eligible to serve. Therefore, combat exclusion is not an issue for promotion up to and including O-6.

Question: Is this denial of equal opportunity a significant factor in the retention of women in the Navy?

Answer: Since there is not a problem with promotion opportunity, it has not been a factor in retention. However, the difference in assignment opportunity is believed to have been a factor in some individual decisions to leave active duty and/or to change career fields.

Women as Fighter Pilots

QUESTION: Even if you keep the combat exclusion laws on the books, should women be allowed to train as fighter pilots and then be used as trainers for other fighter pilots?

ANSWER: In order to provide the highest quality and safest instruction available, our fighter instructors must be experienced, combat-ready pilots from line fighter units. This gives them the judgment necessary to evaluate student performance in relation to the combat missions for which they are training. A new pilot, just out of training, has neither the experience nor the judgment necessary to instruct in a fighter training unit. In this era of reduced defense budgets and shrinking force structure, we cannot afford to train pilots in fighters who cannot be used to fill the entire range of fighter requirements. Additionally, we recently reduced our training base as a Defense Management Review initiative. Therefore, we do not have the luxury to train additional pilots (at a cost of over $1.0 million each) above those required to man our pilot requirements. To minimize cost and maintain required experience levels, we have a general policy of not cross-flowing pilots between weapon systems; e.g., fighters, bombers, airlift. We expect fighter pilots to progress through a variety of line combat, training, and staff assignments during their careers. Training fighter pilots who could only train fighter pilots would result in limited career opportunities.

QUESTION: Similarly, would having female fighter pilot trainers prove to be helpful if we found ourselves in a warfighting situation where we needed all, or most, of our trained fighter pilots on the front lines?

ANSWER: Studies have shown that in a sudden, major war we would run out of aircraft, spare parts, and munitions before we would run out of pilots. In the short term, our ability to increase our forces would be limited by our ability to build our industrial base, not by our ability to grow pilots. If we needed additional pilots, we would need experienced fighter pilots who had been trained in combat tactics and had line combat unit experience. Any instructor pilots that were needed would have to be combat veterans who could impart their lessons-learned to their students. A resource of pilots only suitable for training fighter basics would not help us.

QUESTION: Would this then make available more men to fly combat missions?

ANSWER: As stated above, any training that was done would require combat veterans. Instructors who could not prepare students for combat would not be useful.

PANEL OF TOP ENLISTED ADVISERS

Senator INOUYE. We will now hear from a panel composed of the top enlisted advisors in the four military services. The Sergeant Major of the Army, Julius W. Gates, Master Chief Petty Officer of the Navy, Duane R. Bushey, Sergeant Major of the Marine Corps, David W. Sommers, and Chief Master Sergeant of the Air Force, James C. Binnicker.

Gentlemen, we are glad to have you with us again, and I thought our hearing with you last year was one of the best we had, and I look forward to hearing from you again today.

As we did in the first panel, let us hear from each of you and then we will follow up with questions, and may I call upon the Sergeant Major of the Army, Julius W. Gates.

STATEMENT OF SERGEANT MAJOR OF THE ARMY, JULIUS W. GATES

Sergeant Major GATES. Mr. Chairman, it certainly is an honor to reappear before your committee.

Distinguished committee members, on behalf of the enlisted soldiers of your U.S. Army, I am honored with this opportunity to appear before you, and we thank you for your concerns and your support for our soldiers and their families.

I would like to bring your attention to the weekend prior to Christmas 1989 when most of us were last minute Christmas shopping in preparation to spend Christmas at home with our families and our friends, when thousands of our country's most precious resources, your soldiers, would not spend Christmas at home during the holidays. Instead, once again, they would be required to lay their lives on the line in support of freedom.

It is easy for us to talk and it is very easy for us to wave the flag and easy to listen to the bands, and it is easy to watch the soldiers pass in review, but it is hard to jump from 500 feet at night into a hot drop zone, and it is hard to storm the barricades and take the barracks. It is hard and dangerous.

War, regardless of intensity, is real. Mud, blood, dread, and death. Thousands of the men and women who volunteer to serve our country endured these realities of war during this past Christmas holiday season. They had a job to do, and they certainly did it well. Within 24 hours your soldiers, sailors, airmen, and marines relit the torch of freedom for our friends in Panama.

But not without a price. During this operation your troopers endured the realities of war, and their families suffered the heartbreaking tragedies caused by those realities. So, it is difficult to understand or to believe that before the clearing of the smoke from the battlefield and before the wounded are discharged from the hospitals and before the grass starts to grow on the new soldiers' graves, that the very people who volunteered to support our national policies with their lives last Christmas are subject of debate.

We know that you are confronted with tough issues such as reprogramming, base closures, realignment, force reductions and many other tough issues that are facing the citizens of our country. But as you debate and discuss these tough issues, we ask for you to consider our most precious resource: the men and women who volunteer to serve in your Army.

For the first time in the history of our Army we are faced with the dynamics of reducing an all-voluntary professional, quality army. So, we solicit your support to ensure that force reductions are accomplished through the Army's discipline plan that prevents soldier hardships, and we solicit your support to ensure that the transition is accomplished by uncompromising adherence to the six fundamental imperatives which will build the Army of the future into a smaller but more deployable, more versatile and more lethal Army with high quality and highly trained soldiers led by quality leaders and equipped with quality equipment.

We have included in our written statement the major soldier quality of life issues for your consideration. As you make the tough decisions that are facing our country, sir, we are confident that you will, as you have in the past, do what is right for your soldiers.

Rest assured, when needed, your soldiers will do what is right for our country.

Sir, this concludes my opening remarks. I will be glad to entertain your questions.

Senator INOUYE. Thank you very much, Sergeant Major.

[The statement follows:]

STATEMENT OF SERGEANT MAJOR OF THE ARMY JULIUS W. GATES

Mr. Chairman, distinguished Committee Members, on behalf of your enlisted soldiers who serve in the ranks it is an honor to address you. We are grateful for this opportunity. We thank you for your concern and your continued support. This statement is representative of your enlisted soldiers' concerns about their Army and their quality of life. As they serve in the forces which safeguard our country and our way of life.

Today, you have a trained and ready Army. You have the best led, best equipped, and best soldiers in the world.

Your quality, trained and ready Army of today is no accident. It has taken years of hard, dedicated work by dedicated people to build the Army of today. This investment has ensured this generation of Americans free from the thought of foreign conquest. This investment has made and is today making a better life for other people around the world. Unfortunately, freedom is not free. Our people, our soldiers and soldiers' families have paid a price. During the weekend prior to Christmas 1989, while most of us were last minute Christmas shopping and preparing to spend the holiday at home with family and friends, about twenty six thousand of your soldiers would not spend Christmas at home.

On 20 December 1989 your country's most precious resource would once again be required to go where others feared to go and do what others had failed to do. Once again, they would be required to lay their lives on the line for freedom and in the defense of our national policies. Within 24 hours, your soldiers, sailors, airmen, and Marines would relight the torch of freedom for our friends in Panama. Operation Just Cause was brilliantly executed by highly disciplined, highly trained, well equipped, quality soldiers who volunteered to lay their lives on the line. They had a job to do and they did it well.

It is easy and safe to talk; it is easy to wave flags; it is easy to listen to the bands; and it is easy to watch soldiers march on parade. But it is hard to jump from 400 feet onto a hot drop zone at night; it is hard to blow the barricades; and it is hard to take the barracks. It is hard and dangerous. War, regardless of the intensity, is real mud, real blood, real dread, and real death. The realities of war require soldiers to endure a constant life threatening situation of wounds, suffering and death. And war causes our families to endure the heart breaking news of a fallen loved one.

If your Nation's most precious resource, the men and women who volunteer to serve in your Army are willing to lay their lives on the line to ensure our freedoms, and to protect the integrity of our United States of America, then: They deserve a quality of life for themselves and their families equal to the society that they are committed to defend; they deserve tough, realistic, safe training that will prepare them to overcome the rigors of war; they deserve modern weapon systems, air/ground vehicles and equipment, that will give them the technical and tactical edge on the battlefields of tomorrow; they deserve a challenging and professionally rewarding career; and they deserve a retirement system that is fair and predictable.

These things are a small price to pay for the services rendered by your soldiers.

CHALLENGES OF THE 90S, SHAPING THE ARMY OF THE FUTURE

The 1990's hold many challenges for our soldiers and our Army to remain trained and ready to execute our responsibilities for the citizens of our country. Confronted with budget reductions, force reductions, base closures and realignments, your soldiers are concerned! They are concerned with shaping the Army of the future, the dynamics of reducing a volunteer, professional quality Army, and the quality of life for themselves and their families.

It is no secret that your Army will be reduced in size. However, we soldiers strongly solicit your support to ensure that force reductions are accomplished in a planned, highly disciplined manner that prevents soldier turbulence. We solicit your support to ensure that your Army of the future will be a smaller, but more lethal, more deployable, and more versatile Army, with high quality soldiers, led by quality leaders and equipped with state of the art equipment. We must accomplish this transformation by uncompromising adherence to the six fundamental imperatives that have been developed by your Army leadership. By adhering to these imperatives, today's trained and ready Army is positioned to meet the challenges of tomorrow. The Army of the 1990s and beyond will continue to be an Army that reflects the values and ingenuity of our Nation.

A. The first of these imperatives, and the most important, can be summed up in a single word—quality. It is this characteristic that enables the Army to fulfill its worldwide roles in spite of our relatively small size. The high quality of the American soldier—a combination of intelligence, initiative, combat skill, tenacity, and physical toughness—has been a traditional source of victory in battle. Our experiences have strengthened our conviction that recruiting and retaining talented men and women must continue to be our top priority in the Army of the 1990s and beyond. Therefore, if we are to attract the best our Nation has to offer, we must continue to offer them the personal and professional challenges, and a quality of life equal to the citizens they are sworn to defend.

B. The second imperative focuses on sustaining our momentum by maintaining a forward-looking warfighting doctrine that meets the needs of the battlefield today and is ahead of its time tomorrow. We do this by understanding our doctrine and translating it into tactics, techniques, and procedures, applied under the most gruelling circumstances, that will guarantee future battlefield victories. This applies to every officer, noncommissioned officer, and every soldier.

C. Our third imperative is to maintain the appropriate mix of heavy, light and special operations forces in our active and reserve components. The Operation Just Cause Task Force was made up of special operations units, light and heavy units, forward deployed and CONUS based forces. Although a relatively small force in numbers, the Task Force was a good indication of how we, the Army, envision the force configurations for the battlefields of tomorrow.

D. Fourth, and our top day-to-day priority, is tough, realistic training. Training is the cornerstone of our readiness and prepares our soldiers to face and overcome the rigors of war. We've made significant training improvements by devoting resources to training more realistically, and to higher standards. We must maintain that momentum by training smarter and using resources wisely. We must continue to improve training of individual soldiers, continue to work at linking individual soldier tasks to unit tasks; and continue to develop confident and competent leaders. We want to challenge our quality soldiers, leaders, and units with meaningful training that produces readiness. Challenge in training also provides the excitement and fulfillment that keeps good soldiers in our ranks.

E. Fifth, we must remain committed on modernizing our combat capabilities to improve our warfighting abilities. Modernization is an essential, continuing process and we must protect and keep the essential programs for the future. We must continue making necessary improvements in our equipment for its survivability and lethality in battle. Modernization in the hands of our quality soldiers give them the warfighting edge on the battlefield of tomorrow.

F. In the final analysis, the capabilities of the Army depend not only on the quality of our soldiers, but on competent leaders. Our sixth imperative is to continue development of Army leaders. We have pioneered many initiatives in this area, to include enhancements in formal education and training, operational experiences and continuous self-development opportunities. Leader development for soldiers and civilians is our most important and lasting contribution to shaping the Army of the future.

QUALITY OF LIFE OVERVIEW

Soldiers don't expect nor do they desire an extravagant quality of life. They accept family separation, cramped living and working conditions, and frequent moves. However, they do expect and desire a quality of life equal to the society that they are committed to serve. Your soldiers are citizens of this country. They serve on numerous civic boards and commissions. They give wholeheartedly to local and national charity programs. They volunteer their off-duty time to organizations such as the Scouts of America, they are volunteer firemen, and they are taxpayers. Although major quality of life improvements have been made over the recent years, your soldiers and their families are consistently confronted with tough livelihood decisions.

Many soldiers live below the national poverty level. Soldiers are required to live in antiquated barracks with insufficient heating and cooling systems. Some are still living in quonset huts and World War II barracks. Because of assignment to high cost of living areas, with the shortage of post housing and the high cost of off post housing, in most cases both parents are required to work causing the need for increased child care services.

Soldiers don't understand pay raises that result in less actual "take home" pay. They don't understand the proposed 25 percent cost increase for replacement military clothing. They see a changing retirement system. They see curtailed medical services for retirees and increased cost sharing for CHAMPUS coverage. Due to the recent funding changes for MWR activities, prices for recreational services are increasing and some facilities are being closed. I strongly believe that if these trends continue, recruiting and retention will become a more difficult, if not impossible, task.

Quality of life improvements.—Your positive actions and concern for soldiers' well-being have caused many needed improvements in our quality of life, for which we are thankful.

1. The increased weight allowance for the shipment of household goods has allowed our soldiers a significant savings in what would otherwise have been out-of-pocket moving expenses.

2. The recent welcomed two month dislocation allowance is easing the financial burden that has plagued our soldiers in the past with high cost moving expenses.

3. Although we still experience a shortage of child development services, your continued support for this critical quality of life issue has made a difference. The child development services that are available are four.

Your continued support for PRIMUS clinics and CHAMPUS reform initiatives are providing needed health care for our family members and our retirees.

We are thankful and grateful for these improvements.

Separation pay for enlisted soldiers.—As we transform into a smaller Army, many of your high quality soldiers at the noncommissioned officer grade levels are subject to separation from the Army prior to reaching retirement eligibility. These outstanding soldiers have met the standards and they have made a solid commitment to serving this country. Through no fault of their own, but as a result of force reductions, they may be forced out of our ranks. We strongly solicit your support and special funding for the Department of Defense separation pay plan for these outstanding enlisted soldiers and their families. We believe that it is the right thing to do.

Basic pay.—Since 1982, military pay has lagged behind the private sector. As of today, our pay is behind almost 11 percent. Soldiers are not asking for pay above our civilian counterparts, however, we do believe that we deserve comparability. With the cost of living increases our soldiers are experiencing negative growth in their buying power. If the disparity is allowed to continue and if the gap widens, we will be providing encouragement for our soldiers to seek employment in the private sector.

Food stamps and women, infants, children (WIC) Supplemental Food Program Food Program.—Unfortunately, because of lagging pay and allowances, the shortage of government housing, coupled with the requirement to live in high cost areas, many of our soldiers are on welfare. To survive, they must use federal and state welfare assistance. This condition continues to worsen. In 1987, our soldiers redeemed 4.5 million dollars in food stamps and 1.5 million in WIC sales in our CONUS commissaries. These redemptions and sales grew to 5.1 million and 3.0 million respectively in 1989. We strongly believe that these figures are only a fraction of the total welfare assistance required by our soldiers since we cannot determine the off post use. This condition, in my opinion, is deplorable. Any soldier who volunteers to serve this country should be guaranteed a quality of life above the national poverty level.

Family housing.—Economics are causing on post and government leased family housing to steadily become more attractive for enlisted soldiers, especially for our younger soldiers. The lack of government housing at most of our installations, CONUS and OCONUS, forces our soldiers to seek suitable housing in the civilian sector. Housing in the civilian section is either extremely expensive or our troops are required to commute in excess of 50 miles daily on already congested road networks that in some areas include toll cost, to find affordable housing. Many are electing to become geographic bachelors, leaving their families in safe, affordable areas. This practice has a negative impact on morale and readiness and places an additional strain on already crowded bachelor quarters. In addition, this practice causes marital hardships. I encourage your continued support for additional government housing, especially in the high cost areas.

Bachelor quarters.—Strides have been made to improve bachelor soldier quarters through new construction, self-help and contractual renovation programs. However, we still have many bachelor soldiers who are required to live in World War II substandard barracks and quonset huts with inadequate hearing, cooling and sanitation facilities. In addition, as our bachelor soldiers progress in rank, they have little to look forward to. The options to live off post is almost nonexistent due to the cost and nonavailability of housing. This condition, if allowed to continue, will be detrimental to retaining these high quality soldiers. Our bachelor soldiers deserve adequate living conditions.

Basic allowance for quarters (BA)/variable housing allowance (VHA).—Approximately 56 percent of the Army is married. Most of these Army families are required to live on the economy and receive BAG and VHA or the overseas housing allowance. These allowances are insufficient for most areas. Commuting costs and regional expenses are not figured when computing allowances for an area. Subsequently, these costs are additional financial liabilities for the soldier. OSD compensation is currently studying a system that will tie housing allowances to HUD standards. We request your support of the OSD proposal which will improve the quality of life for our soldiers who must reside in the local economy.

Morale, welfare, and recreation (MWR).—As previously stated, current policy for many of our MWR activities to be profitable are causing price increases for soldiers and family members. Activities that are not profitable are being closed or consolidated. These prices increases and consolidations are encouraging soldiers to use off post activities. In my opinion, we are losing the original intent of our MWR programs which was to provide our soldiers and family members with affordable, wholesome recreational activities. This original intent was designed especially for young single soldiers who don't have access to individual transportation. As we transform into a smaller Army, I believe that this policy will require a relook. In my opinion, we are pricing the soldier out of the Army MWR program.

Child care.—Because of the high cost of living, both soldier parents are required to work. Subsequently, the need for affordable and appropriate child care is continuing to increase. In addition, affordable and available child care on the economy for our single parent soldiers and our dual military couples is almost impossible to obtain because of unpredictable duty requirements. We appreciate your previous support and we solicit your continued support for this most important concern. This is not only a quality of life issue, it is a readiness issue.

Health care.—The primary care clinics and the CHAMPUS reform programs are welcomed health care initiatives for our family members and our retirees. Although we have seen these improvements, many soldiers and retirees are still absorbing basic medical care costs. This year we have seen a slight increase in cost sharing for CHAMPUS. In addition, many soldiers are required to pay the cost differential between the CHAMPUS allowables and the actual medical costs incurred by using civilian health care. Your soldiers consider health care as the primary benefit while they are on active duty and upon retirement. This benefit is considered to be inadequate by most soldiers who must use CHAMPUS, and by the majority of our retirees. I strongly urge your support for the CHAMPUS reform initiatives and the funding of additional PRIMUS clinics.

Reserve components.—The majority of the soldiers who serve in your Army are National Guard and U.S. Army Reserve. Your Reserve Component soldiers have quality of life issues that are unique, which deserve attention.

1. Many of our Reserve Component soldiers pay out of pocket expenses for travel to duty stations because of their dedication. These soldiers deserve just compensation for travel.
2. Post privileges should be extended to Reserve Component retirees who fall into the gray zone—soldiers who have 20 years of qualified service for retirement and elect to retire before age 60.
3. Many of the Reserve Component facilities are in need of renovation to accommodate expanded training opportunities.
4. Our Reserve Component units should be equipped with modern weapon systems and modern air and ground vehicles.
5. Consideration should be given to maintaining the current education programs for Reserve Component soldiers.

These considerations will increase recruiting and retention for our Reserve Components.

Retirees.—Our retirees have served our country selflessly and many have fought courageously so that we may benefit from their sacrifices.

They deserve a military benefit retirement compensation system which preserves the full value of retiree income. The COLA cap should be removed. It is considered as an unfair change in the military retirement program.

Your retiree soldiers need health care expense relief by expanding CHAMPUS to supplement Medicare so that all military retirees, regardless of age, receive the same medical coverage. And they need legislation to reduce the CHAMPUS out of pocket cost limit from $10,000 to $3,000.

Your support for our Nation's finest during their lean years would be greatly appreciated.

III. RECRUITING AND RETENTION

As we transform into a smaller Army which will mandate a reduction of quality soldiers from our ranks prior to their retirement eligibility, and as we experience a perceived erosion of pay and allowances, medical care cost increases, cutbacks in MWR activities, I strongly believe that quality young citizens will think twice before enlisting. And I strongly believe that if force reductions are not accomplished in a disciplined, planned manner, with adherence to the six imperatives, then we will witness an exodus of quality soldiers from our ranks.

During fiscal year 1989, we accomplished our recruiting goals with high quality soldiers. Our retention rate was the best in recent history with a high quality content. These tough tasks were accomplished through good leadership, good training, recruiting advertisement, and critical incentive programs.

If we are going to continue to have a quality Army that is capable of performing our national security mission then we must:

1. Protect and expand recruiting and retention incentive programs.
2. Continue the Army College Fund.
3. Adequately resource Army recruiting advertisement.

SUMMARY

Your soldiers have many other concerns that demand your attention. However, we have covered the major issues. As we move through this decade toward the 21st century, we know that you will be confronted with tough decisions. While you make the hard decisions ~~that~~ are facing our country, I know that you will do what is right for your soldiers. Rest assured, when needed your soldiers will do what is right for our country.

Sir, this concludes my remarks. I will be glad to answer your questions.

STATEMENT OF DUANE R. BUSHEY, MASTER CHIEF PETTY OFFICER OF THE NAVY

Senator INOUYE. May I now call on the Master Chief Petty Officer of the Navy, D.R. Bushey.

Master Chief BUSHEY. Thank you, Mr. Chairman. Thank you for inviting us back again. I would like to thank this committee for the strong work and support you have given our enlisted people in the U.S. Navy and especially for the staff people that work in the back who have done so much to help us and prepare us and get bills in Congress that have helped our people.

In my opening remarks today I would like to address the Members of Congress, though, who do not seem to be concerned about our people. People are essential to keep a smaller Navy operating at today's high level of readiness using today's technological advances. We must retain our most professional and best sailors. Professional sailors are seeing benefits eroding. They are seeing that the commissary support has been reduced and that clubs are attacked and becoming financial burdens. They are seeing the COLA freezes or caps on the retirement system. They are seeing that CHAMPUS is a bureaucratic process that they do not know how to work with, or figure out, and that our pay system is antiquated and not adequate for us to move around.

I have often accused today's sailor of not having enough pioneering spirit when it comes to moving; but, let us face it, maybe the hard tack and the beef jerky and the covered wagons were easier than it is today to move. We just cannot afford to move our families. Family housing is too short, and our barracks are too few and worn out. Maybe that is our fault.

All these things make life uncomfortable, but the biggest hurt is being treated like a piece of cold war surplus. The soldier, sailor, airman, and marine feel the same hurt today as they did at the end of Vietnam. They did what our Government asked them to do. They sacrificed, and some of them died. Many turned down fine jobs to be a part of regaining peace for our Nation. They do not understand the politics, and I do not think most of the public out there understands it, either.

We accept that the military must be smaller and that many will have to go; but let those in control choose who must go so you will have a strong Navy when it is all over. It is time to stop using our sailors as pawns is what I am hearing. Our sailors cannot continue to be used as political pawns. If they are, we will no longer have an impact on how our world survives.

One of the most distressing and stressful things in life is indecision. Many of our sailors are suffering from that right now. As recently as this weekend, when I was aboard the U.S.S. *Abraham Lincoln*, the sailors were asking, "Will we go to Alameda or not?"

My answer is, "Who knows." That same air station has been on various base closure lists since 1958.

Moffett, CA, has numerous barracks and housing damage resulting from the bay area earthquake. Will the base close? Who knows. The barracks desperately need rehabilitation; yet, all MILCON funds have been removed or frozen, and rightfully so, because the base is on the base closure list.

Our sailors and their families need to plan for their future. Our Navy needs to plan for the future. I can tell you this. Sailors are suffering. Yes, they are suffering every day from indecision. All decisions or lack of them are being driven by the budget and politics. Reprogramming will not solve all of our problems, but it will allow our leaders time to work things out and do the right thing to take care of our people.

During a recent interview, one of the spokesmen for Representative Les Aspin said that Mr. Aspin is sympathetic to the fact that some service members will be hurt if transfer of funds is not allowed but says they should blame the administration for the problems, not Congress.

Sir, with all due respect, I do not know where the blame should lie, but I do know that our sailors cannot plan their future on blame. They do not like it, and they will let us know by leaving this country with a hollow Navy.

Gentlemen, I am ready to answer your questions.

Senator INOUYE. Thank you very much, Master Chief Petty Officer.

[The statement follows:]

STATEMENT OF DUANE R. BUSHEY, MASTER CHIEF PETTY OFFICER OF THE NAVY

Mr. Chairman, distinguished members of the committee, as Master Chief Petty Officer of the Navy, I am grateful for today's opportunity to present my testimony on issues that affect the Navy's enlisted force.

My statement is representative of the enlisted sailors' views and concerns on quality of life issues. I would like to begin by giving a brief overview.

Since 1980, sailors have answered the call to service from the President more than 50 times. They have time and again proven their ability and willingness to respond. In order to maintain that same proven readiness to respond to future orders from the commander in chief, and to do this with a smaller Navy, we must retain a larger portion of our high quality all-volunteer force.

Readiness is a reflection of retention. Retention figures are a direct reflection of the quality of life we provide and the perception of a stable future. Most sailors accept the facts of long deployments away from homeports, cramped living and working conditions and frequent moves of their families and households.

We continue to serve and willingly sacrifice a piece of our own freedom to preserve democracy. We also continue to serve our country because of job satisfaction and good leadership. Let us not forget, however, that adequate monetary compensation, timely promotions, compensation for arduous time at sea, hazardous duty pay and compensation for out of pocket expenses to perform our jobs are also very strong ties to retention of top quality sailors. We have a strong desire to live equal to our civilian counterparts. Today's seagoing professionals are a part of the community in which they live. They show positive involvement and set the pace in the areas of volunteerism, tutoring, equal opportunity and zero tolerance for drugs.

More so now than ever, sailors participate in elections on a scale greater than the national average. They are aware, active and wise about political issues that affect them. They respond to support or lack of it from their elected representatives.

They see but don't understand the erosion of benefits. They see pay raises which actually result in less take-home pay for some. They watch closely their access to medical care, adequate housing and recreational facilities. They see a changing and often attacked retirement plan, which for some is the very reason they signed on. They see their commissaries under attack, manpower being taken away and restricted use of appropriated funds for Morale, Welfare and Recreation facilities. They see extreme hardships in moving overseas. Moves in CONUS have also become very difficult.

They see that civilian-sector unemployment is low. Within the civilian community they see equal or better paying jobs, better medical, dental and child care. They also see them spending more time with their families, less frequent moves and better working and living conditions. In the Navy, there is increased difficulty in using CHAMPUS which results in large medical bills. Recently they have read in newspapers that their pay is going to be taxed 50 cents a month to maintain the

Naval Home in Gulfport, Miss. They did not object to supporting the home; they were, however, upset about the way in which it was done. In short, I am starting to see a distrust of the system. If I can be allowed to make a prediction, I'd say that the Navy will see an exodus of people in the next few years if we don't continue to build on the positive actions taken in early 1988 and 1989.

The sky isn't totally dark, however. There are many bright spots as well. Readiness and retention are at a high level. In fact, our 1989 retention figures are the highest in the post-Vietnam era. We retained 37.4 percent of our first termers, 56 percent of our second termers and 67 percent of our careerists. Our overall percentage is 49.2. Enlisted retention reached such a high level because of the positive attitude and actions by Congress, the Department of Defense and the Department of the Navy for people in uniform. Our sailors stayed with us even though everything was not OK because they believed in the system and its support. Together we must keep that faith.

To be able to answer the call to arms with professional, experienced people, we need your continued and increased support in areas of critical concern to the fleet today -- the issues that contribute to a sailor's quality of life. We should look into the future when making decisions, not just over our shoulders into the past. Because retention was good these past years does not mean that we can count on the same or better figures in the years to come. Most young sailors are on four or six year contracts and their commitment means that the actions you take today may not show an immediate retention impact. You can be sure, however, that your actions in 1990 will drive the 1992 through 1996 retention figures. We must keep the best.

II. THANKS

I have highlighted many negatives to this point. I want you to know that the enlisted community also has much appreciation for the many positive actions you have taken. You have authorized the increase of reenlistment bonuses; begun new travel programs which bring families together more easily; taken some financial burden out of changing duty stations and started recognizing Naval Reservists for their time served in the fleet. Your help in improving Navy medical care has had a positive affect on the well being of Navy families. I would especially like to thank you for giving us more money than we asked for in one instance. You provided us with $2.5 million for recruiting advertising that was over and above the budget request. This will assist us in attracting the best and brightest.

III. COMPENSATION

A. Basic Pay. We in the military are not seeking a pay scale superior to that of our civilian counterparts. We are seeking comparability. When I assumed my present office, pay was fifth or sixth on the list of dissatisfiers for people getting out of the Navy. In that year and a half, pay has once again risen to the number one and two spots. Military pay lags behind private sector pay by 11.4 percent as figured using the Employment Cost Index. We realize we will never be rich from our military pay, but we would like to have a more comfortable measure of financial security. The FY-1990 3.6 percent raise we received was the bare minimum acceptable. Because of our troubled federal budget deficit, 12 Navy pay improvement proposals have been postponed until 1992 or later. These include proposals to reimburse members for moving two vehicles instead of one when transferring; providing government-paid house hunting trips for members and their spouses before a transfer to a new duty station; and an increase in the number of days members receive temporary lodging expenses during transfers within the states. Without the passage of these improvements, our transferring sailors will be forced to pay large out-of-pocket expenses. If the disparity in military and civilian sector pay continues to exist or increase, we will be providing incentive for the Navy's best and brightest to seek security elsewhere.

B. Food Stamps. There are many indicators that validate an inadequate pay compensation system. The increase in geographic bachelors (covered later under housing) and the rise in food stamp useage are two. In FY-1989, $2,065,266 in food stamps were used in Navy commissaries around the world. Of that $2 million figure, $1,934,001 were used stateside with $131,265 used overseas. An untold amount were used in civilian grocery and convenience stores. In addition, commissary customers used $15.5 million worth of discount coupons. High cost of living areas such as Pearl Harbor, Hawaii, see the biggest use of food stamps. A number of our sailors, especially our married junior enlisteds with children, depend on Navy Relief grants, Family Service Center food bags, U.S. Department of Agriculture commodities and other civilian social services. Surveys and studies have shown that many sailors with dependents must work part-time jobs as security guards or gas station attendants just to put food on the table. This is more prevalent in high cost of living areas.

C. Enlisted Severance Pay. There has been recent discussion about starting severance pay for regular enlisted members involuntarily separated from the service. If such a pay proposal were enacted, I would strongly hope that it would fairly reflect the member's contributions while serving on active duty and would fully compensate the member for the planned retirement benefits he or she would be losing. I am also concerned that the hard earned progress we have made in building up an experienced and dedicated force would disappear at the stroke of a pen by adoption of a method whereby a member could simply be handed a pink slip. We are dealing with human beings who are special, and we can't afford to abuse the trust they have placed in us just for the convenience of saving money. The impact on "job security" as we know it would certainly be a thing of the past.

D. Stateside Expenses. The current pay system needs improvement. The value of a sailor's pay is drastically reduced when ordered from, as an example, New Orleans to Long Beach, Calif., or from Mayport, Fla., to Philadelphia. (Low cost to high cost areas.) Yes, VHA is paid to offset the cost of housing but what about the other costs and the single sailor who doesn't draw BAQ and VHA. As an example: A 32-year-old male E-6, with a wife who has to work and a child, has two cars and lives in base housing at Mayport, pays $1,064 a year for automobile insurance. It costs the family $15-20 to go out to dinner at an average restaurant. He receives orders to the Philadelphia Navy Yard. His wife has to quit working, his insurance increases to $5.662 a year, if he can get base housing and even more if not. Taking his family of three to dinner at an average restaurant will cost twice or three times as much. Winter clothes are now needed, sales tax increases, tolls are the norm instead of the exception. The single sailor may find their buying power reduced by one-third. The bottom line is, sailors in low cost areas can't afford to move if ordered to a high cost area. They become geographic bachelors and a negative retention statistic. People stationed in high cost areas want either out of the area, adequate compensation or out of the service.

IV. HOUSING

A. Family Housing. Navy family housing is steadily becoming more attractive to enlisted sailors. The increased demand for family housing is based on two reasons: 1. A renewed desire for a close-knit community and availability of base assets; and 2. Simple economics. Navy bases are predominantly located on the country's east and west seaboards. Norfolk; Washington, D.C.; San Diego and San Francisco, our major naval centers in the U.S., are all high cost of living areas. The lack of Navy family housing forces our people to seek housing in the civilian community. Housing in these areas is either extremely expensive or in the slums. To find affordable housing in safe neighborhoods, many sailors are driving in excess of 70 miles a day on already congested highways. On average, those living off base spend approximately 21 percent more on housing than their counterparts living in militay owned housing. These hardships are driving families to military housing, where there currently is a shortfall of 52,000 units worldwide. By 1993, it is projected to reach a deficit of 55,000. In addition, many are opting to become geographic bachelors, leaving their families in established, safe and affordable areas. This has a negative impact on the morale of an increasing number of our married sailors and increases the strain on our already critical bachelor housing. I encourage you to continue and increase your support of housing construction programs, such as our 801 Housing and Capehart projects to provide adequate, affordable and safe housing for our sailors.

B. Bachelor Quarters. Housing for our single sailors is just as critical as family housing. Shipboard berthing areas are cramped, claustrophobic, noisy and are full of varied work schedules and almost 24-hour-a-day activity. Many of you have visited our ships but never spent a night in enlisted berthing. Try it. We accept the lack of privacy and normal comforts associated with shipboard living. Conditions are not great, but they are getting better because of major habitability improvements achieved on modern ships. Bachelor housing becomes critical when that sailor reports for much deserved and earned shore duty. They expect improved living standards, but often do not find them. Currently there is a shortfall of 84,000 racks in our shore-based commands. What is available is often substandard World War II barracks with inadequate communal heads, poorly designed and maintained heating and air conditioning, if any at all. The option to live off base is virtually nonexistent because of the high cost of living. All of this adds up to make life outside the Navy look more attractive, comfortable and less restrictive. The obvious happens -- retention suffers. Additional and improved single housing ashore is a must in the scheme of quality of life.

C. Geographic Bachelors. Despite the efforts of the Navy and Congress to make moving easier for families, it is still very difficult. The unavailability of affordable housing and the lowered buying power I mentioned above is causing an increase in the number of geographic bachelors. This puts an additional strain on the ability of the system to adequately house true bachelors. Families willing to endure the difficulties often must sell houses at a loss, spouses must give up career opportunities and often lose money. Children are uprooted and sometimes placed in inadequate school systems. Sailors arriving stateside from overseas often must use additional leave time to resettle their families.

D. BAQ/VHA Inequities. Approximately 31 percent of military families live in base housing. The remaining 69 percent live on the economy and receive Basic Allowance for Quarters (BAQ) and Variable Housing Allowance (VHA) or Overseas Housing Allowance (OHA). As I stated before, the combination of BAQ and VHA or OHA is not sufficient in high cost of living areas. Food costs, tolls and other regional expenses are not figured when computing an area's VHA. Although the Joint Service Study Group report on housing allowances is not completed and has not reported, DoD Compensation is looking at a major modification to the way housing allowances are calculated. BAQ and VHA are currently figured using survey-derived national median housing cost and local median housing cost figures. OSD Compensation is looking at a system that will tie housing allowances to housing costs, as measured by fair market rental values instead of member-reported expenses. The Navy, as the service with the greatest number of people drawing VHA, has the most interest in any changes or modifications and will be closely monitoring any proposals. We must support any proposals that will increase the quality of life of our sailors and make moving less of a hazard and sacrifice.

V. MORALE, WELFARE AND RECREATION (MWR)

A. Homeporting. Department of Defense policy authorizes the use of military construction (MILCON) funds for building Morale, Welfare and Recreation (MWR) facilities at our new strategic homeporting sites. Your continued support in funding these facilities in the proper priority is urged. MWR facilities, with the exception of gyms and child development centers, are not presently competitive in the MILCON process. In the Navy there are over 190,000 single sailors under the age of 24 that we have an obligation to provide entertainment and recreation for. Ball fields, movie theaters and hobby shops are considered an earned benefit by the fleet. As we develop new homeports, we need to ensure that adequate facilities for recreation receive the same priority as piers and shops. Otherwise, the burden is on the sailor. The cost of building exchanges to serve our families comes out of MWR dollars. As appropriated funds for MWR were restricted, new homeports such as Staten Island were being built. Much of the cost for support facilities comes out of the sailor's pocket. Many of these young sailors, teenagers, are away from home for the first time. It is important that positive lifestyle and behavior modification takes place. The modern chief petty officer not only has to train sailors to be sailors, they share the training responsibility of teaching healthy living and community support. MWR facilities are absolutely essential and have a direct impact on readiness and the training process. All MWR facilities should be able to compete for MILCON dollars, not just gyms and child development centers.

B. Clubs. We have learned a lot about clubs in recent years. The management has made drastic improvements on many bases. Not all clubs were perceived as being essential; many clubs combined and worked well, some didn't. What works in one location may not work in another. Many clubs were built when efficient operation was not a consideration. Officer and chief's clubs were viewed as an extension of official meeting places and even classrooms in the past. The rules changed and appropriated funds disappeared and we were stuck with obsolete buildings and in some cases, equally obsolete managers. My plea to you is: Ensure appropriate funds are maintained at an adequate level to allow smooth transitions, ensure isolated and overseas sites and even stateside stations where options are limitied receive the proper amount of appropriated funds. Take away hiring restrictions and food purchase constraints that make our clubs non-competitive with the civilian community. If you do that, we will be able to save a valuable benefit for our enlisted families.

C. Child Care. Service member to service member marriages are on the increase. The number of single parents in the Navy has also slightly increased. Both cases can be very tasking while pursuing a career as a sailor. Even though I would not encourage it for most, many do quite well and it's a fact of life. We must continue to support these sailors and all sailors with appropriate dollars for child care and child development as it affects overall readiness of our fleet units. Finding and keeping adequate and affordable child care by our sailors is much more difficult than in most professions because of deployments, sea duty, lack of the ability to establish routine work hours and transfers necessary in support of sea/shore rotation. Child care is very high, number two or three, on the list of concerns I hear from sailors.

VI. FLEET CONCERNS

The following are a few issues that are top concerns I hear from enlisted audiences I address in my travels. Most of these cost money which is not included in our budget. If and when any of the proposals are authorized, funds also need to be appropriated.

A. Mandated U.S. Meat Procurement. This measure mandates the replacement of locally procured meats with U.S. grown products in European commissaries. You provided a $28 million subsidy that will decrease each year until 1992 and then disappear. When the subsidy money runs out, sailors will have to absorb the cost, which will be about double what they pay now. This measure is hurting sailors and the tax payer. Navy families overseas deserve to enjoy the same quality of life as their stateside-based peers. A member of your staff said last year, "The commissary mission is to offer American products at standard prices." Many Navy families in Europe perceive that there will be a marked increase to the price of meat products. This measure also has an impact on the meat's shelf life. The shelf life of meat after it is vacuum packed and boxed is about 40 days. It will take almost half of that time to reach its destination. Additional days will be needed for in-country processing, cutting and marketing. After the maximum allowable time, the meat will still be "fit for human consumption," but will steadily deteriorate in taste, texture and color. This issue has been explained and understood by most but they still perceive that they were used.

B. Privately Owned Vehicle (POV) Storage. When a sailor transfers to Japan and a few other countries, they can't take their POV with them. Currently, Navy people either must sell their vehicles or pay storage fees themselves, unless a friend or family is willing to care for it. If the vehicle is relatively new and must be sold, it is almost certain that the sailor is going to lose money on the deal. They also have the additional cost of purchasing a car when they arrive at their new overseas assignment. We are only seeking authority to pay for storage of these vehicles and the authority to compensate members for the cost of-driving the vehicle to a storage site.

C. Removal and Reinstallation of Catalytic Converters. American cars manufactured after 1972 have catalytic converters which require the use of unleaded fuel only. Unfortunately, unleaded gasoline is not available in most foreign countries where sailors are stationed and allowed to bring their automobiles. Navy people ship approximately 12,500 vehicles to and from overseas locations annually. The converters must be removed before the vehicle is shipped and reinstalled upon its return to the states. It costs an average of $250 to remove and/or reinstall the converters, depending on the make and model of the car. That's an annual reimbursment of $3,125,000. This is a valid expense that should be reimbursed, and not lost out of the sailor's pocket. Legislation must be drafted and passed to change current laws.

D. Military Banking Facilities/Direct Deposit. We have been directed to go to the Direct Deposit System (DDS). Navy people have backed the system and many sailors have reluctantly signed on, but our sailors on ships at sea are finding it's not always easy. The purpose of the system is to save the government money. Now it looks like we have directed the cost into the pocket of the sailor. Sailors, especially those on sea duty, are very mobile and may visit several different foreign ports during a six-month-long deployment. Military Banking Facilities (MBF), which are subsidized from appropriated funds, are now authorized to charge $3 for cashing a check, or one percent, whichever is greater, from non-members of that particular banking institution. Yes, most ships still carry cash but the ship isn't always convenient. Personnel stationed overseas feel they have been forced into using MBFs that do not necessarily provide the friendly service their hometown bank or credit union does. They see this as another decision that was made in Washington, D.C., that took money from their pockets with no warning or input.

E. Filipino Immigration. There are 19,109 Filipino nationals on active duty in the U.S. Navy. The Immigration and Nationality Act does not allow them to become U.S. citizens because they enlist in the Navy in the territorial jurisdiction of the Republic of the Philippines, under terms of the Miltary Base Agreement of March 14, 1947. They come to this country under orders, without an immigrant visa, as other aliens would. These loyal, dedicated and professional sailors are not able to obtain immigrant status. If they are married to other Philippine nationals, neither the service member nor the spouse may work in this country, yet they pay Social Security taxes and willingly go in harm's way. House Resolution 1286 proposes "To amend the Immigration and Nationality Act to provide for special immigrant status for certain aliens who have served honorably (or enlisted to serve) in the Armed Forces of the United States for at least 12 years." The bill was passed by the House in November 1989 and is awaiting Senate consideration. I urge your support in passing this bill this year for several reasons. It would remedy the current inequity between loyal Filipino service members and other alien enlistees. Annually, thousands seek enlistment, but only 400

~f the best and brightest are accepted. They must meet demanding requirements in a selective screening process. Many of them hold college degrees. First term attrition is less than five percent. The biggest and most positive improvement would be to the morale and financial security of those proven and valuable sailors. Many of you have supported this proposal or like ones, but each year it gets pushed into the "hold basket." This amendment is the right thing to do for our dedicated sailors. We need its passage.

F. Additional Dependents. Parents-in-law and other wards living with sailors and dependent on their support should be officially termed "dependents" and receive the same privileges as a spouse or child. Currently, sailors in such positions face large expenses when they must move such family members, especially overseas, when those members aren't eligible for benefits and allowances.

G. Special Uniform Requirements. Increase the amount paid to sailors on recruiting duty, serving as recruit company commanders and band members. The expense they incur is greatly increased from those on normal assignments.

H. Hazardous Duty Pay. Since 1985, hazardous duty pay for enlisted sailors has been set at $110 per month, before taxes. This includes our sailors working on flight decks, who average 19 years old, and others in critical and dangerous jobs. Often these people work 16 or 18 hours a day in conditions that range from snow and rain to the dark of night. The value of this hazardous duty pay has greatly decreased in the past six years. For FY-1992 we are seeking to increase that pay to $165.

I. Service Member to Service Member Marriage and BAQ/VHA. Current laws and regulations are inadequate for service members married to other service members who have no children. Under present rules they each draw single BAQ while both are on shore duty. When one goes to sea duty, that person loses all BAQ entitlements. They still either own or rent a house to live in, as most married couples would, yet their pay is greatly reduced. There are cases where both could lose BAQ because of sea duty and low occupancy in the barracks. Here's an example: An E-4 is married to an E-3, both are on shore duty and draw $219.60 and $215.70 single BAQ, respectively. The E-3 goes to sea duty and they lose $215.70 in BAQ, $177 in Basic Allowance for Subsistence (BAS) and are not eligible for sea pay. This situation is unique to the sea services.

J. BAQ for Shipboard Sailors. Currently, the books read that single sailors assigned to ships are provided adequate quarters and are not eligible to draw housing allowances. If you have ever been on one of our newest Nimitz-class carriers, you know that berthing spaces are less than what is considered adequate. Privacy to write a letter or read a book is only wishful thinking. Watching television or just looking for an uncrowded place to relax after an 18-hour day is difficult, if not impossible. Sailors call their beds "coffin racks;" that's about how big they are. The coffin rack is not just a place to sleep, it is home, 365 days a year for the single sailor. In its 2.5 foot wide, 6.6 foot long and 10 inch deep insides are stowed all of their belongings. Again I emphasize this is their home, 365 days a year. There are no private rooms, private heads, bike racks or large storage areas; yet by the written rules this is classified as adequate quarters. Therefore, BAQ cannot be drawn by a single E-6 or below sailor. The majority of our single people are on ships. We must compensate them in the form of BAQ and sea pay. To compound the problem, when a single sailor is ordered overseas or into a stateside area where barracks are not available, that person is forced to live on the economy and set up housekeeping. When that same sailor is ordered back to sea and provided the coffin rack, they lose BAQ. What does that sailor do with the household goods needed at his last duty station; sell at a loss or store the goods at their own expense? Paying members in that situation a Basic Allowance for Quarters would enable that person to acquire a temporary storage facility without suffering yet another out-of-pocket expense.

K. COLA Inaccuracies. The way in which a sailor's Cost of Living Allowance is figured is inaccurate, self-defeating and hurting the person it is designed to help. COLA is figured by means of a survey which asks people how much they are spending. In high cost areas they are driven to lower economic standards, which results in less spending reported on the survey and ultimately in lower COLA. Because of insufficient COLA rates our overseas sailors and their families are limited to activities within the confines of a military base. I think you can see the "Catch 22" our sailors are in. They cannot afford a $10 per person lunch at an American-style hamburger restaurant in Japan. For a family in Yokosuka to travel to a park in nearby Atsugi, it costs at least $13 in tolls. The trip from some Navy housing areas to the base at Yokosuka is a $10 a day affair. This out of pocket financial burden is restricting our sailors and their families from enjoying the cultural benefits of an overseas duty assignment and is damaging to our international relations. Job opportunities for spouses are also severely limited in overseas location.

VII. SUMMARY

We in the Navy and our fellow brothers in arms have a full appreciation for the difficulties of your jobs. We understand that you must be ever aware of balancing the budget, carrying out the wishes of those that elect you and doing the best possible for them and our country. What we, as enlisted sailors, want is concern, understanding and support for what we sacrifice for our country. We don't want superiority over the people we serve and protect; we want an equal standard of living and quality of life. We want to be able to afford to have a family and to care for them with a reassuring sense of security, that when we deploy and carry out our orders, they will be well cared for. We want adequate housing, pay, medical care and recreation. Those of us who have a hand in painting the big picture of personnel management want our sea service professionals to get what they deserve for the unique sacrifices they make. The Navy's FY-1991 budget includes money for timely promotions, stable rotation requirements and special pay and bonuses for those deserving and qualified. These factors are absolutely essential. If we can't do that, we can't expect to retain the best and brightest we have worked so hard to recruit. The success of 1988/1989 retention figures demonstrates how effective the proper balance of compensation issues are on retention. There is a shrinking pool of eligible young people to serve in our armed forces. Therefore, we must do our best to recruit, train, compensate and retain those people. Our men and women continue to perform their assigned tasks at the highest levels of readiness and professionalism. They are aware of their obligations; morale and esprit de corps are at a high level.

They realize that the Navy must do its part in solving this nation's budgetary problems. They are smart, they are politically aware and they know how you stand on the issues. This understanding goes a long way until it hits the point where they cannot provide an adequate and secure standard of living for their families and themselves. When this feeling is stimulated there are two reactions: They start looking elsewhere for security which reduces retention and readiness; and they let their feelings be known to family and friends which has a big impact on recruiting. "Do the right thing, what's best for the sailor," is the order of the day in our Navy. I'm asking for your support of issues that are the right thing to do -- what's best for this country must always come first.

STATEMENT OF DAVID W. SOMMERS, SERGEANT MAJOR OF THE MARINE CORPS

Senator **Inouye**. Now may I call on the Sergeant Major of the Marine Corps, David Sommers.

Sergeant Major **Sommers**. Thank you, Mr. Chairman. I have no summary statement, sir. I am ready to answer any questions the committee might have.

Senator **Inouye**. Thank you, sir.

[The statement follows:]

Statement of Sgt. Maj. David W. Sommers

Mr. Chairman and Members of the Committee,

Thank you for the opportunity to speak to you about the quality of life of your enlisted Marines. This is the third year that I have been privileged to report to you their concerns.

Your Marines understand that our world is changing. They realize that there is a great deal of uncertainty regarding the future of our military structure, and they realize resources are limited and insufficient to do all things for all people. However, as our forces adapt to the changing environment, we must maintain the confidence of our service men and women. Early outs, reductions in force, and decreases in benefits have the potential to create a perception that the commitments made at the time of enlistment are not being honored. This perception could have a dramatic effect on our ability to maintain readiness. Recognizing the limits of available funding and the concern of the Committee to ensure that the funds are wisely used, I will direct my comments to the areas I believe to be the most critical.

TODAY'S MARINE

The men and women of our Corps are motivated and dedicated. Although they join the Corps for a variety of tangible reasons, such as pay and benefits, the majority make their commitment to serve for the intangible reasons. The desire to serve, the challenge of being a Marine, and our esprit de corps are the primary reasons for initially selecting the Corps. The men and women who join the Corps are eager and determined to earn the right to be called Marines and to share in our traditions of comradeship and selfless dedication. Although the intangibles remain at the heart of a Marine's commitment to serve, as they set higher personal goals and assume additional responsibilities such as dependents, the tangible benefits increase in importance. This is why, if we are to continue to attract and retain quality Marines, we must provide support for those issues deemed to be important to them such as promotion opportunity, pay, and benefits.

PROMOTIONS AND REENLISTMENT

I have identified promotion opportunity and pay as the primary reasons why Marines decide to leave the Corps. Previous manpower policy decisions created rank and structure imbalances in many of our occupational specialties. This resulted in a situation which denied many of our Marines equal opportunity for promotion. We had created a "bottleneck" in our promotion pyramid which unfortunately had the greatest effect on our career level Marines. In response to this problem we have improved our Enlisted Career Force Controls. The active measures we have taken created a better balance between first-term and career force requirements. The end results of our actions will be standardized promotion timing and opportunity, relief from critical MOS shortages, and a balanced level of experience in each grade. These actions, coupled with your continued support for our Selective Reenlistment Bonus program, will pay great dividends in the retention of our trained and experienced Marines.

MILITARY PAY

A key component of readiness is the attraction and retention of high quality personnel. In order for us to maintain our readiness, it is imperative that military pay be adjusted to and maintained at reasonably comparable levels with the civilian sector. With the exception of the fiscal year 1989 pay raise, military pay increases have been capped below those in the private sector. As a result, we continue to lose comparability with the private sector as measured by the Employment Cost Index. On 1 January 1990, the comparability gap between military and civilian pay was 11.4 percent. The revised fiscal year 1991 raise of 3.5 percent will further widen the gap. It is my opinion that the gap needs to be closed now.

Our enlisted career force personnel require the most help in reaching pay equitability. In order to achieve the needed comparability, we need to pursue a combination of larger pay raises and a targeted rank distribution similar to the FY 1982 pay raise. If we fail to address this issue, it will become increasingly difficult for us to enlist and reenlist quality personnel when their pay and benefits are inferior to alternative, less demanding careers.

Evidence of this widening pay gap can be found in several areas. The number of Marines with part time jobs is increasing. Further evidence is the growing number of Marines maintaining separate households. These Marines are commonly referred to as geographic bachelors. When ordered to high cost duty station areas, they choose to move to their new duty station without their families. This is especially true in areas where we do not have adequate housing, such as Washington, D.C., Kansas City, New Orleans, and numerous independent duty stations throughout the country. We must avoid a situation where inadequate pay causes dedicated Marines to make the difficult decision to leave the Corps.

DEPENDENTS

At the entry level, the perceived value of medical, housing, exchange and commissary savings, basic allowance for quarters, and variable housing allowance creates a sense of security which influences our young Marines to assume the responsibilities of family life sooner than they would in the civilian community. Almost 28 percent of our junior Marines are married (32,799 out of 119,192). The average age of their spouses is less than 19 years old. In addition, 510 of our junior Marines are single parents. The net result is that today there are about 211,000 dependents in our Marine family (officer and enlisted)—an increase of over 350 from last year's figure. This increase has resulted in greater emphasis on all of our family oriented quality of life programs to include: housing, family services, day care and medical care.

In spite of our efforts, we are continuing to fall short of our goals. Our housing efforts, although considerable, are unable to keep pace with the expanding dependent population. We continue to experience shortages in the numbers of doctors, nurses and corpsmen needed to care for our active Marines, dependents and retired community. The CHAMPUS Reform Initiative has helped to improve the timely payment of claims, but we continue to burden our families with too many late payments.

The most alarming and disturbing fact associated with the rising number of dependents is the number of Marines in the service of their country who must rely on Food Stamps to meet their basic living requirements. Last year, Marine Commissaries took in almost $400,000 worth of food stamps. Even more disturbing is that many Marines who should have been eligible for Food Stamps could not receive them because they lived in the civilian community and were receiving basic allowance for quarters. Many of these Marines living in high cost areas are in desperate need of the program.

As a result of operational deployments, a significant number of these Marine families had the additional financial and emotional strain associated with family separation. While we have reduced the number of unaccompanied tours overseas, training and operational deployments have increased. For our married Marines, life in the field, aboard ship, or on foreign soil is inevitably more stressful. The cost of maintaining two separate billets, family separation, and child care are all detractors from our readiness focus. Throughout the Corps, we are taking the actions needed to minimize their effect.

RETIREMENT BENEFITS

Our treatment of retirees has an impact on enlistment and retention. The way we treat our retired warriors influences the career decisions made by our men and women. We must remember that our retired community continues to serve. Many are a great asset to their community, and continue to be active in supporting military recruiting and service organizations around the country.

As I talk to our retired service men and women, they continually express concern for the erosion of their benefits. The two most common questions I am asked to answer are: "Does anyone care?" and "What will we lose next?" At a time in their lives where every benefit is needed, the value of their benefits is decreasing. This year their primary concern is the Cost-of-Living Allowance (COLA).

Retired members of the military receive cost-of-living adjustments each year. These adjustments are designed to keep retirees pay in step with inflation. The proposed fiscal year 1991 budget calls for permanently reducing the future COLA adjustments by CPI minus one percent beginning in fiscal year 1992. There would be no increase for fiscal year 1991. I am opposed to these actions for the following reasons. They will erode military retired pay by 15 percent for pre-August 1986 members. For those already retired there is no provision to "grandfather" these actions. Inflation protection has been eliminated and it reduces the value of service annuities which are based on retired pay. I am particularly concerned that the proposed changes have the greatest effect on our enlisted force which historically has retired younger with fewer years of service. For example, under the current system, a gunnery sergeant, 40 years old who retires with 20 years service on 1 May 1990 would suffer a substantial reduction in retired pay. Computing his pay out to age 62 would show a real loss of $52,860. A significant loss.

Another area of retiree concern is the Armed Forces Retirement Homes (AFRH). These homes provide quality care for our retired warriors. Although experts in the fields of gerontology and health care have been placed on the AFRH oversight board, I recommend that this committee support the placement of an enlisted member on this board. I believe it is important to place someone on the board who is an "expert" in the lifestyles of our retired military community.

CONCLUSION

People must always remain our highest priority. If we care for them, their families, and their quality of life they will continue to sustain us. I am extremely proud of the Marines and Sailors in our ranks. Their courage, devotion to duty, and selfless commitment to keep our country free can be readily found at every station, base and ship. We have reached a level of excellence that is unprecedented in the history of our Nation's military forces. We appreciate your concern for the quality of life in your military and we seek your continued support. Regardless of budget reductions, we cannot return to the poor state of readiness that we experienced in the 1970's. We have reached a standard of excellence and state of preparedness that is good for our Country. We should not repeat the mistakes of the past. With your continued support, we will not fail. In short, your Marines are ready for the challenges of the future.

STATEMENT OF JAMES C. BINNICKER, CHIEF MASTER SERGEANT OF THE AIR FORCE

Senator **INOUYE**. Now may I call on Chief Master Sergeant of the Air Force, James Binnicker.

Chief **BINNICKER**. Mr. Chairman, I appreciate the invitation to come back. The fact that you keep inviting us back proves that we do have your support, and for that we are grateful.

I have no opening statement. I am ready for your questions.

[The statement follows:]

STATEMENT OF CHIEF M. SGT. JAMES C. BINNICKER

Mr. Chairman and members of the Committee, I appreciate the privilege to again appear before you in my capacity as the Chief Master Sergeant of the Air Force to talk about issues affecting the Air Force enlisted force. Let me start by thanking you for your past support for people programs, which have allowed us to build the best Air Force in the history of this country, and in my mind the world.

We especially want to thank Congress for approving the 3.6 percent across the board pay raise this year, allowing us to pay an increased Dislocation Allowance, and authorizing lump-sum payment of move-in overseas housing costs. Finally, restoration of per diem equity has significantly helped enlisted members meet expenses incident to official travel.

The quality of Air Force enlisted personnel has never been better. In my role as the Chief Master Sergeant of the Air Force, I travel approximately 75 percent of the time visiting Air Force people around the world. In my private and public discussions, I get a strong feeling that morale continues to be good and our people are very proud to serve in the defense of this nation. They willingly serve with honor and with a strong commitment to preserve democracy, and the American way of life. The Air Force is committed to maintaining this level of quality. However, our members want to have a quality of life equal to their civilian counterparts. Therefore, it is very important that our compensation and benefits packages are fair and equitable, providing adequately for them and their families.

As we enter a new decade, we face the challenging task of maintaining a smaller force of motivated, high quality people to accomplish the mission. Current fiscal year 1990 Congressional budget reductions, and the impacts of the Gramm-Rudman-Hollings Act sequestration, coupled with continuing budget deficits have placed us in a critical position. We have taken some actions that will affect our people, their families and the mission for many years. For example, because of end strength reductions, we reduced enlisted accessions from 54,000 to 36,000. Additionally, we have implemented widespread enlisted separation programs, reduced Permanent Change of Station (PCS) moves and limited selective reenlistment bonus payments.

These drastic measures were implemented to meet fiscal year 1990 budget shortfalls. Projected fiscal year 1991 end strength, will result in force-wide undermanning. In the late 1970's, we used the term "Hollow Forces" to represent this undermanning situation. Many of our older Noncommissioned Officers (NCOs) remember, as I do, those days. They lived through that time and don't want to do it again. They tell me "we can't do more with less anymore." They believe that we will either do less, or invite accidents. The seniority and experience levels we have today are the reasons our readiness has not dropped to date.

The fiscal year 1990 budget shortfalls have caused us to rethink our position on several issues. In the past, we denied reenlistment to airmen only for quality factors. However, due to current and projected end strengths, we will be forced to limit the reenlistment opportunity for qualified airmen who want to stay with us. We have not previously supported enlisted severance pay because we didn't envision ever having to limit reenlistment to highly qualified and dedicated people who asked to stay. That vision has now changed and we are seeking the provision of separation pay for those quality tenured enlisted people who may not be given an opportunity to complete an Air Force career. Additionally, to continue to accomplish a balanced force reduction in the future, the Air Force is going to need to take other measures that we have not taken in the past. In addition to limiting reenlistment opportunity, we are lowering the high year of tenure of otherwise qualified and dedicated NCO's. These actions will directly impact our experience levels and our ability to sustain readiness.

Our members are well aware of the problems this country faces because of the deficit and they have accepted the budget cuts over the past several years as necessary. They also recognize that the Air Force will be smaller in the future; however, they do not want "hollow forces" and therefore they hope that force structure changes are made effectively, allowing us to fully man those units the Congress and the Administration decide are required.

Let me state emphatically, that commitment to our people will be one of our driving factors, as we continue to make these major force changes. By setting standards of commitment early in the process, I believe, we will emerge with people who have faith in their leadership and commitment to mission. Your commitment to these standards and our people will ensure we retain a capable high quality force—this is our goal.

History reveals that in 1979, a combination of economic factors, successive military pay caps, and expanded private sector job opportunities drove many of our talented and experienced NCO's out of the service. Similar conditions are appearing today. While we are experiencing excellent retention today, shortages do exist, particularly in our high-tech and sortie-generating skills. Members with these skills are being offered lucrative opportunities with commercial companies. We must remember that low retention results in increased training and replacement costs.

Therefore, to retain a force consisting of quality people, I must emphasize our need for your continued support for equitable compensation packages, quality housing, and adequate quality of life programs. This assistance is imperative if our people are to keep pace with the civilian sector and remain loyal, dedicated members of our Air Force.

What is it they want and deserve? They want a standard of living that is commensurate with the mission they perform and equal to their counterparts in the nation they defend. They want a predictable, dependable, and equitable compensation and benefits package. The major areas of critical concern for the enlisted force today are: Military pay, housing allowances, housing, medical care, and family matters.

MILITARY PAY

Pay comparability is our most immediate concern. Military pay was last comparable to private sector pay in 1982. Since then, it has lagged progressively farther behind, and after the 3.6 percent raise for 1990, the gap is now 11.4 percent. More significantly, for the last three consecutive years, military pay has lagged inflation by an average of 1 percent per year. Our people are beginning to feel the erosion of their purchasing power. Even with approval of the fiscal year 1991 pay raise request of 3.5 percent, these trends will continue in 1991 as most economic forecasts project substantially larger increases in both private sector wages and inflation. Elimination of the pay comparability gap may not be achievable in the present economic environment. However, there cannot be any further erosion in the purchasing power of military pay. While retention remains strong in most career specialties, this will not continue if members see a combination of declining military living standards and better opportunities in civilian life. Accordingly, we strongly support the 3.5 percent pay raise request. Approval will send the right signal to our people that their welfare is of prime concern as we cut defense spending and restructure the force.

HOUSING ALLOWANCES: BASIC ALLOWANCE FOR QUARTERS (BAQ) AND VARIABLE HOUSING ALLOWANCE (VHA)

The restructuring of the military housing allowance system in 1985 clearly indicated a Congressional desire for BAQ to reimburse our people at 65 percent of the national median cost of housing for their grade and dependency status. The VHA is designed to recognize that the military orders members to move between areas with very different housing costs. It was designed to ensure that members can afford adequate housing regardless of where in the United States we assign them. VHA should compensate our members for the difference between costs in their local housing area and 80 percent of the national average for their grade. In effect, members are expected to absorb 15 percent of the national median housing cost for their grade. However, because of VHA budget limitations and BAQ increases below housing cost inflation, today, our members absorb approximately 20.5 percent of that national average.

To maintain the quality of life factor that decent housing represents to our people, particularly our junior personnel, we would ask for Congressional support of our upcoming efforts to bring this allowance back in line with the original Congressional intent.

HOUSING

This issue of adequate military housing is becoming more critical to the troops every day. Any measurement of a person's living standard must include their housing. Our members with dependents deserve on-base housing that is up-to-date in amenities and comparable in size with the civilian world. Many of the current housing units are 30 to 35 years old and are too small, have too few bathrooms, lack adequate kitchens (to include a dishwasher), and many are not carpeted.

The number one issue for our airmen in the barracks is privacy. They want to be able to sleep undisturbed and know their belongings are secure. They do not want to share bathrooms.

The solution to these issues lies in a variety of fixes. We must have a MILCON budget which allows us to update military family housing. This must also include new and innovative financing methods. We should embark on a game plan to provide private rooms and baths to our members in barracks.

MEDICAL CARE

Access to affordable, high quality health care for Air Force members is high priority. Our commitment to the welfare of our people and their families must be strong. Our people want assurances that their dependents will have medical care available regardless of where the member is assigned. Our commitment recognizes the critical need to have the health care providers necessary to sustain a healthy fighting force. In addition, we also have an inherent responsibility to provide quality health care to active duty members, retirees, survivors and their families.

We continue to try to recruit and retain the number of experienced physicians, nurses and the medical support staff to get the job done with the limited manpower dollars available. In the current fiscally restrained environment, our efforts in this area are very important. Initiatives approved by the fiscal year 1990 DOD Authorization Act such as increased physician incentive pays, retention bonuses and nurse accession bonuses should help the recruiting and retention of health care professionals. To improve the medical care provided our members and their families, I solicit your continued assistance for health care program initiatives.

FAMILY MATTERS

Air Force leadership recognizes that families have the major voice in career decisions. Therefore, they have a direct impact on readiness. With two-thirds of our members having family responsibilities, we know that the well-being of the family affects the morale and productivity of the military member. In today's environment, it is essential that we consider the family in our decisions. This only supports the need for adequate pay, housing, medical care, PCS reimbursements and a viable retirement system.

In recognition of the impact of the family, the Air Force is establishing Family Support Centers at 123 major installations. These centers identify, develop and coordinate programs that improve the well-being of the family. They assist in spousal employment, financial counseling, relocation assistance, and other areas that play a part in the attitude of the family.

Input from the Senior Enlisted Advisors of the Major Commands shows that the Family Support Centers are having a positive impact on our members and their families. The Advisors and their bosses, the Commanders, are anxious to have centers open on all their bases. Accordingly, we hope you will assist by ensuring requested funding for Family Support Centers is approved.

CONCLUSION

Air Force enlisted men and women are committed to defending this country, to include giving their lives if necessary. They are top quality and they are trained to do their job. They want to serve their country and they will.

Still, I share with you my perception and that of the older NCOs in expressing concern about returning to the "hollow forces" of the late 1970s. Additionally, the younger enlisted members ask about their futures. Will they have a career in the Air Force? And what about their equipment—in the future will they have modern up-to-date weapon systems and the parts needed to sustain readiness, or will they be working with older systems and not have the necessary parts—the situations the old guys talk about.

As you make the hard decisions you must to resolve the deficit and other important problems, I hope you remember the dedicated members standing guard to protect this country and its concerns. Please remember they are people who deserve a fair and equitable compensation and benefits package—one that provides a standard of living commensurate with their mission and allows them to provide for themselves and their families.

Mister Chairman, this completes my prepared statement. Again, I appreciate the opportunity to appear before this subcommittee. It will be a pleasure to answer any questions you might have.

BIOGRAPHICAL SKETCH

Chief Master Sergeant of the Air Force James C. Binnicker is adviser to the Secretary and the Chief of Staff of the U.S. Air Force on matters concerning welfare, effective utilization and progress of the enlisted members of the Air Force. He is the ninth chief master sergeant appointed to this ultimate noncommissioned officer position.

Chief Binnicker was born July 23, 1938, in Orangeburg, S.C., where he graduated from Aiken High School in 1956. He graduated from the U.S. Air Force Senior Noncommissioned Officer Academy in 1973 and the First Sergeant Academy in 1974.

He entered the Air Force in August 1957 and received basic training at Lackland Air Force Base, Texas. He was then assigned to the 96th Air Refueling Squadron, Altus Air Force Base, Okla., as a life support specialist until 1963. He then cross-trained to the air operations career field and transferred to the 816th Strategic Aerospace Division, also at Altus, as an air operations specialist. In July 1964 he was assigned to the 1502nd Air Transport Wing (later became 61st Military Airlift Wing) as noncommissioned officer in charge, wing operations, Hickam Air Force Base, Hawaii.

From August 1967 to August 1968 Chief Binnicker served with the 4th Strategic Aerospace Division, Grand Forks Air Force Base, N.D., as NCOIC of base operations. He then transferred to Binh Thuy Air Base, Republic of Vietnam, where he served as NCOIC of base operations with the 22nd Tactical Air Support Squadron. While in Vietnam he was assigned to the Republic of Vietnam Armed Forces Language School, Saigon, as a language instructor. Leaving Vietnam in September 1969, Chief Binnicker moved to Robins Air Force Base, Ga., as an air operations superintendent in the 58th Military Airlift Squadron.

He became the NCOIC of wing operations, 374th Tactical Airlift Wing, Ching Chuan Kang Air Base, Taiwan, in May 1971. Upon returning to the United States in August 1972, the chief served as operations superintendent, base sergeant major and wing senior enlisted adviser with the 4th Tactical Fighter Wing, Seymour Johnson Air Force Base, N.C. In September 1975 he was assigned to 12th Air Force, Bergstrom Air Force Base, Texas, as the senior enlisted adviser.

Chief Binnicker served as the Air Force enlisted representative and senior enlisted adviser on the President's Commission on Military Compensation from October 1977 to April 1978. He returned to 12th Air Force as senior enlisted adviser and in June 1978 he was appointed senior enlisted adviser to the commander in chief, Pacific Air Forces, Hickam Air Force Base. In June 1981 the chief was assigned to Randolph Air Force Base, Texas, first as chief of the Enlisted Retention Division, Manpower and Personnel Center, and in May 1982 he was appointed assistant for chief master sergeant matters. In February 1985 Chief Binnicker was selected for the 33 Year Extended Tenure Program. He became senior enlisted adviser to the commander, Tactical Air Command, Langley Air Force Base, Va., in May 1985. He assumed his present duties in July 1986.

His military decorations and awards include the Legion of Merit, Bronze Star Medal, Meritorious Service Medal with three oak leaf clusters, Joint Service Commendation Medal, Air Force Commendation Medal with one oak leaf cluster, Vietnam Service Medal with three service stars, Republic of Vietnam Gallantry Cross with Palm and Republic of Vietnam Campaign Medal.

He is married to the former Jan Chambers of Kenansville, N.C. They have two sons, Carmen and Michael.

TRAINING

Senator INOUYE. Sergeant Major Gates, you referred to the quality of training necessary to maintain our forces in top quality condition.

Do you think that our training is top quality?

Sergeant Major GATES. Sir, we can always make improvements, and we will never be satisfied with the training that our soldiers have.

I believe our training is better today than it ever has been in the history of our Army. I believe we are properly preparing our soldiers to face the rigors of war because of the intensity of the training. The abilities and the concern of the leaders and the way we go about developing leaders, both officers and noncommissioned officers, in our Army, are second to none.

The National Training Center is as close as you possibly can get to actual combat without being actually engaged. Our Joint Readiness Training Center out at Fort Chaffee, AR, and, of course, the

Combat Maneuver Training Center that we are developing in Europe prepare our soldiers better today than ever before.

SOLDIER MORALE

Senator **Inouye**. In discussing matters of personnel with your senior officers, one would get the impression that the morale of our troops is exceedingly high. Now you are the spokesman for the enlisted personnel of the uniform services. Would you say that the morale of the enlisted personnel is high?

Sergeant Major **Gates**. Sir, I believe the morale of our soldiers in the Army is as high today as it ever has been. They believe that they are good soldiers, and, by God, sir, they are.

Senator **Inouye**. Does the Air Force feel the same?

Sergeant **Binnicker**. I would say today the morale is higher than it has ever been before due, in large part, to the decade of the 1980's where we saw a lot of support both from the budget and from the American public. That changed the minds of people who heretofore felt that the military service was not a nice thing to do.

In the 1980's that changed, and so we took good care of our people. With the all-volunteer force we brought in the right people. We attracted high-quality young men and women and then we kept them. We kept them because we took very good care of them.

I would say, though, that morale is on the edge of the cliff at this point because the concern that I hear from even the youngest of troops is, "What about my future?" I would submit to you, sir, that there is grave concern about all of the things that we are talking about here, but the morale up until this point is excellent.

Senator **Inouye**. Master Chief Petty Officer Bushey.

Master Chief **Bushey**. Sir, I also concur that morale is high. I think morale is high because our people believe in the leadership and the support they have gotten from Congress right on down through. Then again, the higher the morale is the harder it is to fall. I think we are right at the peak of that point now, and if we are not very, very careful we could take a big fall fast. There are a lot of people just kind of hanging on, waiting to see what is going to happen.

My message to them is, do not worry about it; keep planting the trees.

Senator **Inouye**. Sergeant Major.

Sergeant Major **Sommers**. Sir, I believe the morale in the Marine Corps is as high as it has ever been. I believe some concern lies with the intermediate group, those past the first enlistment, and that deals with the uncertainty of what the future holds.

I would say that the morale is very good. I have seen no big drastic changes in it.

LESSONS LEARNED

Senator **Inouye**. Whenever we enter into action, officers oftentimes speak of "lessons learned." Did we learn any lessons in Panama?

Sergeant Major **Gates**. Did you want me to go first, Senator?

Senator **Inouye**. That is fine.

Sergeant Major **Gates**. Sir, we learned a number of lessons as a result of Operation Just Cause, lessons dealing with our individual soldiers and the equipment that we have equipped our soldiers with, such as, the Kevlar helmet. It does protect the soldier from direct small arms fire.

The flack vest or the light armored vests that we have equipped our soldiers with does protect from fragmentations and the vest does offer some protection.

The HMMWV, our main wheeled vehicle can operate on deflated tires as designed.

We learned very clearly that night operations give us an edge. We can operate at night if we properly train and prepare our soldiers to operate at night. As the saying goes, "Take the night away from the enemy is the way to go." We proved that through the use of the night vision devices not only on the ground but in the air.

There were many, many other lessons learned. The most important lesson, I believe, that came out of Panama was that our training is on track. Our soldiers had confidence in themselves, their buddies, their leaders, and the chain of command under extreme conditions.

Chief **Binnicker**. Sir, I think the lesson that was learned by everyone is the value of joint training. That has paid off in big dividends, and if we learned nothing else it was that there is great value in this jointness that we now talk about.

Senator **Inouye**. Master Chief Petty Officer Bushey.

Master Chief **Bushey**. As you know, sir, the Navy played a very small part in Operation Just Cause. Our SEALS did well. We are very proud of them, and they worked well in the joint environment. Our 650-plus sailors stationed in Panama performed with distinction, defending Navy property and supporting the other services.

Senator **Inouye**. Sergeant Major.

Sergeant Major **Sommers**. Sir, we learned the utility value of the LAV which was under fire for the first time.

We learned that our doctrine in the area of small unit leadership is still valid today, and we once again had the need emphasized to be able to shift from the combat mode to the civic action mode.

I would say those are the top three things that, in my opinion, we learned.

LIVING CONDITIONS

Senator **Inouye**. Sergeant Major, you stated that soldiers and their families are still living in Quonset huts, in World War I era barracks. Are they limited, or are they widespread?

Sergeant Major **Gates**. Sir, we have made great improvements. I was referring to the quonset huts that our soldiers are still living in in the Republic of Korea and the World War I and World War II German type barracks that our soldiers are required to live in in Germany, and certainly some of our families are living in housing that was built for the German army prior to the outbreak of World War II. These facilities have been renovated over and over.

During my tenure in the Army, I know of three different occasions where we have renovated some of these barracks for our soldiers. Subsequently, the inefficiencies of the heating, cooling, and sanitation facilities make it very difficult for those soldiers to live in those facilities.

Having said that, sir, we have made great strides over the last 3 to 4 years to get the soldiers out of the quonset huts in Korea. Many new facilities have been built in Korea. The same thing applies for Germany.

QUALITY ARMED SERVICES

Senator **Inouye**. Gentlemen, in these hearings whether it be morale or weapons systems, we generally spend inordinate time seeking out what is wrong. Many witnesses spend their time telling us what is wrong. I would like to ask a question because I think we should balance the book. What is right with what we are doing?

Sergeant Major **Sommers**. Sir, I believe we have a lot of things going right for us. I believe the quality of our marines is better than it has ever been. As far as the Marine Corps is concerned, we are at a state of readiness, both men and equipment, that surpasses any time in the peacetime history of this country. By the improvements that we have made in our training, the realistic changes we have made to recruit training, and the new housing we now have on just about every base that you go to, everywhere you go in the Marine Corps, you are going to see that we have used the money correctly.

We have new buildings everywhere. We have new barracks. We have new housing to include housing for the lance corporals and below. We have a quality program in place for our staff noncommissioned officers and our NCO's to ensure their professional military education is met.

So in short, sir, I am pretty proud of what we have done.

Senator **Inouye**. Are the marines confident in the weapons that they are called upon to use?

Sergeant Major **Sommers**. Yes, sir; we are very confident in the weapons we have. There is an old saying that battles are won by men who have the will to win, the equipment they need, and who know how to fight. I think we fall in that category, sir.

Senator **Inouye**. Master Chief Bushey.

Master Chief **Bushey**. As I travel around, I am seeing more than ever an improvement in our housing area and our BEQ's. Your committee has been very supportive in helping our families overseas with the improvements in OHA. Recently we had problems with VHA in New York. We received help from OSD in that area and got those families straightened out.

I think really what I am saying is our families and sailors for the last 2 years, have seen a genuine interest in trying to improve things for them. They have not seen drastic improvements, but they have seen things moving in the right direction.

We have been able to promote people on time. We have been able to pay the proper SRB's to keep our talent and quality in the Navy. We had the money to train properly. So it has really been, looking back over my shoulder, a very, very good year, probably one of the best years we have had in the U.S. Navy. Our retention has been the best in a decade, which again is reflective of all the good things that have happened to them.

Sir, I would like to go right back to my opening statement. All the good of the past year is in severe jeopardy. Without the proper money to take care of sailors, I am going to have to go out and look my sailors in the eye and say 25,000 or 35,000 of you may have to go home. All promotions are frozen. PCS moves will be stopped. You are going to have to spend another year on a ship at sea.

Those are all very negative things. Our sea OPTEMPO has been the biggest retention factor for the Navy in keeping people in, being able to guarantee them 6 months port to port and being able to spend quality time with their families. It is very, very difficult to be a sailor, but it is a proud profession, and they will do it as long as you do not push them too far.

HEALTH CARE

Senator **Inouye**. This is the money committee, as you know. I think all of you in your prepared statements have suggested that our health care system could improve.

I do not know whether you realize this, but in all the years I have been around I believe we have always appropriated more moneys for health in the military than that requested by the administration, but from your statements I would gather that it has not done much to help you.

Is my interpretation correct?

Master Chief **Bushey**. Yes, sir, and maybe I am out of line for saying this, but I think some of us are discouraged. You can look in some areas and see major improvements. One of them I pointed out was at Newport, RI, where we started a family care program, and everybody is very excited about that. They think they are going to cut the CHAMPUS bill in half in that area.

The sailors on the waterfront like it because they can go up and see a doctor and get back to work in a short time. Our corpsmen like it because they can do what they are supposed to do, which is screening people. Our doctors like it because they are not burdened with paperwork, and they get to devote more time to patient care.

And so as long as we can keep programs like that, we will make some major improvements.

We have seen improvements in some hospitals; in other areas we have not.

In our CHAMPUS Program, CHAMPUS is a good program, but it is just burdened so much with bureaucracy that our families cannot get their bills paid. The doctors are frustrated because they cannot get paid. Just this morning I got a call from a lady that is really frustrated because she is on the bad credit list. The doctor is frustrated because he cannot get paid.

Senator **Inouye**. Chief Master Sergeant Binnicker.

Chief **Binnicker**. Sir, I would like to go back to your other question on the positive aspect of it, because I would like to talk about positive things, and I think that there have been a lot of positive things have happened in the military.

In the decade of the eighties we received a 53.7-percent pay raise. We appreciate that very much. The problem with that is that it still is not adequate.

If you look at the economies, the cost of living, and measure that against where it should be, about 11 percent behind. But 53.7 is nothing to sneeze at.

We got per diem equity, something we had been fighting for for many years. It was long overdue. We got the double dislocation allowance on a PCS move. We got the much appreciated and long overdue household goods weight and allowance increase, and we are continuing to work other initiatives that would enhance that list even further, and so there have been a lot of positive aspects.

I think that goes back to my original statement that morale is good, and that is why, because they see that commitment both from Congress and from the leadership of the Department of Defense, and they feel good about staying.

Going to your question on medical, we have the best doctors and the best nurses and the best medical technicians in the world. Our malpractice claims will prove that.

The problem with that is it is access. We do not have enough doctors, nurses, or med techs in all the places in all the specialties that we need.

So, while I say on one hand it is very good, on the other hand, it is inadequate or at least not sufficient numbers. That is the problem as I see it.

The CHAMPUS reform initiative and CHAMPUS extra, both in California and Hawaii, are very well received. Unfortunately, it is limited to those two particular geographical locations. If we could get that everywhere, which is not practical, I think the complaints would go down even more.

Senator INOUYE. Thank you.

Sergeant Major Gates.

Sergeant Major GATES. Sir, I would like to back up to the prior question that you asked. The major thing that is good about the Army of today in comparison to the Army of the early seventies is, that through your support and the support of the Department of Defense, the Army chain of command and leadership and the people of the United States, our soldiers are proud to wear the uniform today. Our soldiers are proud to serve in the Army.

I believe you have the best Army in the world today, and you certainly have the best equipped, best trained, best led, and best soldiers serving in the ranks in comparison to any other army. And I believe we can accomplish any mission that the national command authority requires of us.

In the area of medical coverage for our soldiers, I would have to echo what the Master Chief Petty Officer of the Navy said. We have highly trained and highly skilled people. But I believe the problem is access. Due to the limited space and limited personnel our retirees, especially are hard-hit. They have to rely on some other means, primarily CHAMPUS. The same applies for many of our active duty family members. Due to the bureaucracy, the very difficult problems involved in processing the claims to ensure that the claim covers all of the charges is probably the reason why many do not have much trust in the CHAMPUS system.

However, if the CHAMPUS system works in a particular area, then it is an outstanding benefit.

MILITARY STANDARD OF LIVING

Senator **Inouye**. Well, one of the more distressing pieces of information that I gather as chairman of this committee in my journeys is the fact that there are so many enlisted men and women who have to depend upon food stamps.

Are the prices in the exchanges and commissary areas low enough to make life adequate for these people?

Chief **Binnicker**. I think so, Senator. I sit on both the Exchange Board and the Commissary Board in the Air Force, and we have a congressionally mandated 25 percent below the standard price, or at least we give our customers a 25-percent savings. So I think the prices are what they should be from a good business standpoint.

In the exchange as you well know, part of that money goes back into the MWR coffers to support that activity. So it should not be compared to a commercial firm on the outside because they do not donate to our MWR.

But I think the prices on base in the commissary and the exchanges are about right. The use of food stamps is, in fact, deplorable, but it is the pay scale, and whoever figured out that matrix designed it so that our people do qualify. They did not design it so that our people would qualify. But because of the prices and the numbers, they do qualify.

Senator **Inouye**. Sergeant Major Gates.

Sergeant Major **Gates**. Sir, the redemption of food stamps in the Army commissaries within CONUS has increased over the last 3 years up to about 5 millon dollars' worth for 1989, and the same thing for women, infant, and children coupon redemptions.

I do not believe it is entirely based on the prices in the commissary and the exchange facilities. There are a number of other things that must go into the equation. One is about almost 12 percent lag in pay based on certain indexes, and our recreation facilities continue to cost money, and those prices for our recreation even on post continues to increase such as today at one particular post it costs you about $4 to put your car on a lift to change the oil, whereas 3 years ago we did not have that cost.

So the prices are increasing for some of the facilities other than the commissary and the exchange.

Senator **Inouye**. Master Chief Bushey.

Master Chief **Bushey**. Very few complaints about our commissary stores. We could not survive without them. That is the only thing, I think, that saves our junior enlisted people, especially in high-cost areas. On our Navy exchanges, I get a lot of complaints that things just cost too much. My own personal opinion is that there are some chain stores that are really trying to drive our exchange system out of existence; for example, prices sometimes are very, very low just right outside the gate.

If we lose our exchange system, then we lose our profits that go to our MWR system, and it is a big downward spiral. I think our biggest problem—and I had in my statement that we had over $2 million redeemed in the Navy commissaries in food stamps from our sailors—is we cannot afford to live in several areas.

We can establish a standard of living in one section of the country, and if we get transferred to another section of the country, our standard of living may be cut in half.

We have VHA that covers the cost of housing, but what about that $4,000 extra automobile insurance, as I had in my statement as compared from Florida to Pennsylvania. What about the cost of food where I could take my family out for dinner for $20 or $25 in a southern State and go to a northern State or to the west coast and that same dinner may cost me $50 or $60?

What about the cost of clothing, things like that? What we really need is a COLA, a Conus COLA. We no longer can move around the United States and expect an E5 to live at the same standard of living. It just cannot be done.

Senator INOUYE. Sergeant Major Sommers.

Sergeant Major SOMMERS. Sir, with your permission, I would like to comment on several related issues.

I believe that Navy medicine has made great improvements, and I have found, as I travel around, that the military hospitals have made great improvements.

The area where I find the most difficulty is with the contract doctors. I do not know who screens the contract doctors, but I have been told of doctors who force our young people to pay medical bills, such as CHAMPUS bills, on credit cards so that the doctors do not have to wait for payment from CHAMPUS.

I have been told this a number of times, and I have some sergeant majors in various bases tracking down possible names for me. I was hoping I would have some names when I came here today, but I do not.

Senator INOUYE. Would you submit those to the committee when you get them?

Sergeant Major SOMMERS. Yes, sir, I would be happy to.

[The information follows:]

Further review indicates this matter is limited to an isolated incident which was caused by an administrative billing problem. We will keep the Committee informed should this become a problem in the future.

Sergeant Major SOMMERS. As far as the commissary goes, sir, that is one of the last big strongholds in the military. That is one of the last good deals, I guess, that we have in the military, and we are very proud of the commissaries. I believe it saves our young people a lot of money.

When we talk food stamps, we are talking about a category of junior enlisted, and normally they range in the area of lance corporal, for us in the E3 range and below. This is the group that has chosen to get married because the military has made it look very inviting for them to get married. So a young lance corporal has gotten married thinking he is going to save more in the commissary, medical, and other areas. This is the type of marine that falls into the food stamp range.

On the other side of that, I do not think I have got too many PFC's at Camp LeJeune that are not driving new cars if they are not married. So, it is kind of a difficult thing to put your finger on exactly where the food stamp problem is, sir.

SEVERANCE PAY FOR ENLISTED PERSONNEL

Senator **Inouye**. All of you have referred to the extraordinary events of recent months and the heavy talk here in the Government administration and legislative about reduction in troops causing uncertainty among your men and women.

We all know that officers have severance pay but enlisted personnel do not. Now, I believe the Navy has been discussing that. I would like to get your thoughts on severance pay for enlisted personnel.

Master Chief **Bushey**. Yes, sir; I think I have been published several times as saying I am against severance pay, but I think that needs a lot of explanation.

I was against severance pay because I could see it in the future being used as a budget management tool. If we started to get in financial straits, it would be too easy to say well, let us cut the military back. You no longer have a job.

I also went on record to say that if we have a congressional cutback, which we have, then we need to have a severance pay. You need to compensate those people that are leaving the services unwillingly and have proven to be good performers.

When I look at the cuts that the Army and the Air Force were going to have to take, there is no way I could stand out and say we do not need the severance pay. We need a severance pay.

I think we have to be very smart, though, how we treat that severance pay. We have got to ensure that it is a nationally needed mandated military cutback. That it does not go to those people that do not deserve it. I feel severance pay is not always handled in the best interest of ensuring marginal performance is not rewarded in the officer community.

What I am trying to say is, we would not want to see low-quality people receiving severance pay; that is, if you are busted for drugs and put out of the Navy, you get severance pay. If you are a poor performer and never would survive in the Navy we should not give you severance pay. It would have to be limited for quality people, those career people that were dedicated to the U.S. Navy, and came to work some morning and was told, "I am sorry, our Navy is getting smaller, and you are going to have to go." Then I would support severance pay.

Chief **Binnicker**. Last year I was against severance pay for enlisted Air Force members because I could not see the need for a reduction in force of the size that we now see possibly existing. I did not want to give severance pay to incompetent, bad people, and so I was opposed to it. Today I have a different opinion because of the world situation and the structure of the forces being what it is and what it is going to be.

I see a need for it because I see now a need to tell otherwise quality people that we cannot keep you in the Air Force, and when that day occurs, then I would hope that we would be able to give them some kind of transition moneys to thank them for their service and to help them establish a new career in the civilian world.

I think that we ought to pick a point in their life when we were determined that they are career. I suspect that time would be about 7 years, and at some point in the later years, after 12 to 14, I could not see telling someone you cannot stay. So I would be in favor of severance pay between 7 and 12 and after that you can go for retirement.

Senator INOUYE. Sergeant Major Gates.

Sergeant Major GATES. Sir, I, too, 1 year ago did not fully support separation or severance pay for enlisted soldiers. Again, I was under the impression that it would be awarded to those soldiers who did not meet the standards or the qualifications to remain in our ranks.

But having been confronted with the build-down of the Active force of our Army and it is subject to build down very rapidly, and no doubt our quality soldiers will be subject to this reduction.

I support wholeheartedly the severance pay for our quality soldiers. Again, it should be awarded only to those who meet the standards and the qualifications to serve in the Army.

Having said that, sir, I think that the whole system should be looked at. The thing that bothers me is what in the world will all these great soldiers do for employment if large numbers leave the Army. And it is hard to understand what is so bad with a young person fresh out of high school coming into the Army for 2, 3, 4 years, learning a skill, being able to contribute to a college fund and then leave the Army after 2 or 3 years if they so desire and go on and become a productive citizen of the United States and pay for their own college with money that they have earned?

I believe it goes further if we are required to reduce the career force. Then my concern is what type of employment will they have. I am not so sure that our civilian sector, which in some areas are experiencing high unemployment ratios, can accommodate thousands of additional people needing jobs.

So I believe we need a total package. The pay certainly is a part of that, but some type of transition program that would prepare our soldiers to meet their new challenges.

Senator INOUYE. I agree with you, Sergeant Major. No one knows what the cost of unemployment compensation will be, what the cost of welfare will be, and what the possible cost of crime will be. Sergeant Major Sommers.

Sergeant Major SOMMERS. Mr. Chairman, the Marine Corps has supported severance pay for some time. We have had an "up-or-out" policy for several years, where we have had good Marines, who were very competent at what they do, leave the Marine Corps because there were no promotion allocations.

So, as in past years, I certainly am for the severance pay. But I, like everyone to my right, agree that it should not be awarded for any type of incompetence, and it should be left to the individual services as to how they should be compensated, and who should fall into that category, sir.

Senator INOUYE. Sergeant Major Sommers, last year we talked about your problem in recruiting. Have you resolved that matter?

Sergeant Major SOMMERS. Mr. Chairman, you are speaking of the problem we had in Pittsburgh?

Senator INOUYE. Yes.

Sergeant Major **Sommers**. Yes, sir; we certainly have. In fact, Pittsburgh is well on its way to recovery. We got into the middle of that thing with a big stick and cleaned that out. I do not think we will see that type of problem again.

ENTERTAINMENT AT ON-BASE CLUBS

Senator **Inouye**. This committee has received several letters, Sergeant Major Sommers, from wives complaining about certain on-base clubs having entertainment which they are not too happy about.

There was an ad that they just sent me, "Hot oil wrestling, Friday, March 16, 1990, Windward Enlisted Club, Kaneohe Marine Corps Air Base. Gentlemen, you are invited to join the wrestling."

What do you think about those things?

Sergeant Major **Sommers**. I did not see that ad, Mr. Chairman. [Laughter.]

I just recently came from Kaneohe.

Senator **Inouye**. It is pretty nice.

Sergeant Major **Sommers**. I just came from Kaneohe and I did not encounter that. But we have had that type of entertainment periodically in Marine Corps clubs. When we have run into situations like this where we have received letters and comments, and if the entertainment proved to be bordering on something that would not be considered wholesome entertainment, it has been stopped.

But I think what we have here is, to be quite honest with you, sir, an effort to make the club system work. The sergeants major are the ones responsible for the entertainment, for the most part, in the enlisted clubs. Even though there is an officer in charge of the club, the sergeant major of the base, when it comes to staff a noncommissioned officer club, is the one who is normally trying to get that club to work.

And I am sure, without even checking, when I start looking into this one, that I will find that this particular wrestling, or whatever it is here, has been conjured up by the sergeant major as a means to make money for the club. And I have no doubt that that is where it came from.

On the other hand, sir, not too long ago, it was brought to my attention that a lot of entertainment down at the Quantico club had male dancers. They stopped that as well. And so they were trying to give them equal opportunity. And they stopped both of them, because they were beginning to have some problems, sir.

Senator **Inouye**. How come the Marines are always involved like this? I do not get complaints from the Air Force, the Navy or the Army?

Master Chief **Bushey**. Senator, I would like to defend the Sergeant Major; I am his next-door neighbor, and I have never seen him oiled up and out in the back yard oil wrestling. [Laughter.]

ADDITIONAL COMMITTEE QUESTIONS

Senator **Inouye**. Well, gentlemen, we have many other witnesses waiting, and I have a whole bag of questions I would like to submit to you, if I may.

These are technical in nature, and I would hope that you would look them over and give us your responses.

Gentlemen, I thank you very much.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR INOUYE

ARMY

OPERATION JUST CAUSE

QUESTION. I think I would like to ask all of you this question. I know that all four of you travel a great deal meeting with enlisted members of your Services. What is your general impression of their general impression of Operation Just Cause?

ANSWER. These soldiers were proud. They were confident in their leaders, confident in themselves, and their equipment. In every instance, they felt their training had prepared them to accomplish their mission and they did just that - superbly.

SEXUAL HARASSMENT

QUESTION. Because you four senior enlisted advisors spend a large part of your time in the field talking to enlisted service members, you are probably in the unique position to comment on the prevalence of sexual harassment of women. Do you hear of sexual harassment from female service members as you travel to military bases around the world?

ANSWER. Sexual harassment exists; however, the situation now in 1990 is in many ways better than it was in the early 1980s. Our complaint systems indicate that this is true. As I travel around to Army installations, all over the world, I have the opportunity to talk to soldiers, of both genders, in formal and informal settings. These conversations lead me to believe that our training program in this area is working well. During these conversations, soldiers tell me that on those occasions when it does occur they know that it is, deal with it one-on-one or, if it's beyond their ability to deal with or control, they report it.

QUESTION. Have you heard of an example of sexual harassment of men?

ANSWER. No, I personally never have come across a case of sexual harassment of men. By definition it is possible and there may be a case on file somewhere. However, I don't believe so because, I think I would have been informed of it for no other reason than because of the unusualness of it.

QUESTION. Could each of you comment on the procedures available to a female service member if she feels she is being harassed. For example, what if the person she feels is harassing her is her immediate supervisor or superior.

ANSWER. Procedures for soldiers to seek redress of grievances, to include sexual harassment are in place throughout the Army. Army Regulation 600-20, (Command Policy and Procedures), direct commanders at all levels to develop procedures for redress of grievances and to place these procedures in writing in a place where they are easily accessible to all soldiers. Although the chain of command is the primary problem solving vehicle, these procedures address filing grievances against the soldier's immediate supervisor or superior and stipulates agencies outside the chain of command where the soldier can receive assistance in filing their grievance. Individuals have three primary alternatives, they may present complaints to the chain of command, inspectors general and equal opportunity advisors.

QUESTION. Are the procedures you describe sufficiently well-monitored and structured and sufficiently confidential that a female service member may bring a complaint without fear of damaging her career?

ANSWER. The procedures described are well-monitored and structured and sufficiently confidential. The two main agencies that receive complaints of sexual harassment are the Inspector General (IG) and the Equal Opportunity Office. The IG's records are confidential in nature and release of specific information requires the approval of Department of Army Inspector General. Complaints filed with the Equal Opportunity Office are within the jurisdiction of the Freedom of Information Act and as such cannot be provided to just everyone. Sexual Harassment complaints received through both channels are solved by the chain of command. They are also reported to Headquarters, Department of the Army. Within this reporting procedure, the following information is provided: who was sexually harassed, when did the harassing occur, how was the harassment substantiated, what punishment was handed out and most importantly, what action did the commander take to prevent reoccurence of this situation.

QUESTION. Do you-feel that there is a commitment by your individual services that sexual harassment simply will not be tolerated under any circumstances?

ANSWER. Sexual harassment is a detracter to combat readiness. It lowers morale, reduces cohesiveness and causes the misutilization of our most important resource - people. Leaders at all levels are committed and responsible for the eradication of this problem. Leaders are constantly reminded of this responsibility in training sessions, both in the unit and in professional military schools, and as part of their annual evaluation. Additionally, when instances of sexual harassment are discovered, commanders deal with culprits swiftly and justly. Punishments range from verbal reprimands for less severe offenses to trial by court martial for more serious offenses. Again, the message is very simple - sexual harassment will not be tolerated under any circumstance.

SPOUSAL AND CHILD ABUSE

QUESTION. Last year, we discussed the issue of spousal and child abuse. Could each of you provide us an update -- are the Services becoming more adept at identifying victims of abuse?

ANSWER. Our greater difficulty has not been one of identifying the victims of abuse, rather, ensuring that effective and responsive programs were in place to assist victims once identified. Currently our efforts are being intensified in the area of prevention. We are conducting family violence surveys which help us identify the stressors which lead to abuse. The results of these surveys have enabled us to develop programs to strengthen an individual's ability to recognize stress signs and develop strategies to reduce the potential of being abusive.

QUESTION. For a long time in both the civilian and military communities, child and spousal abuse was a subject no one wanted to acknowledge or discuss. Do you believe that the military services are now committed to finding and treating, not only the victims of abuse, but also the perpetrators?

ANSWER. Absolutely, the Army is committed to finding and treating victims of abuse, as well as perpetrators. Each installation is required to assure the following services are available to soldiers and their families involved in cases of abuse:

a. Services for children and families. Services that foster changes in parental behavior, parent-child relationships, home environment, and those that offer the abused child protection and treatment for physical and psychological damage will be provided. Installations are required to provide case management, counseling, and foster care services or have memoranda of agreement with civilian agencies for these services. Respite day care, support groups, homemaker, and other relevant services are to be provided based on an installation needs assessment and available resources.

b. Services to address child sexual abuse. Each installation medical treatment facility must have treatment staff trained to address child sexual abuse or be able to access specialized treatment staff. Program services must include treatment for the offender and members of the family separately and jointly as needed, individualized treatment plans and monitored program participation. Periodic reporting is to be made to the commander as to program progress, program completion and program failure.

c. Programs to address spouse abuse (abused and abusive spouses). A basic program for abused spouses will include crisis intervention; counseling; emergency shelter; support services such a legal services, financial counseling, and employment counseling; and support groups. Programs for abusers that stress the goals of stopping the abuse and gaining behavioral control will be established.

d. Services to address institutional child abuse. The medical treatment facility will provide counseling and support services to victims of institutional child abuse and their families and to institutional staff who are authorized treatment at the medical treatment facility.

Current Army policy establishes criteria which addresses rehabilitation of the perpetrator of abuse. Among those criteria that the commander will consider in deciding whether or not to include or continue a soldier in a treatment program are: (1) a positive service record and demonstrated potential for further useful service; (2) a favorable prognosis for treatment from a competent clinician trained in the area of the type of intrafamilial abuse at issue (e.g., child sexual abuse, spouse abuse); and (3) recognition by the abuser that the behavior was wrongful, an acceptance of personal responsibility for that behavior, and the expression of a genuine desire for treatment. When treatment is determined to be appropriate, unit commanders will assure that soldiers attend treatment and counseling sessions.

The increase in dollars for Fiscal Year 90 was used to reduce the shortfall in treatment. Fifty percent of the monies were targeted for treatment. With the remaining fifty percent, education and awareness programs which identify the dynamics of family violence, reporting procedures, and community resources to address these problems are presented at all Army installations. Army commanders are briefed on their roles and responsibilities for identification and reporting within forty-five days of their assumption of command. Additionally, it should be noted that Army commanders view this as a serious problem and have consistently supported the delivery of responsive programs to meet the needs of military families.

NAVY

OPERATION JUST CAUSE

Question: I think I would like to ask all of you this question. I know that all four of you travel a great deal meeting with enlisted members of your services. What is your general impression of their general impression of Operation Just Cause?

Answer: Our sailors are very proud to be serving at this point in history. They see peace breaking out all around the world. During a recent trip to Panama, I found it rewarding to see the respect and love relationship our sailors and their families have for the Panamanians. Other than support for the mission of Operation Just Cause, there has been very little published about what sailors did in Panama. Therefore, there has been little discussion or questions from our sea service members who were not involved. They do believe, however, that it was the right thing to do; a "just cause."

CHAMPUS

Question: Master Chief Bushey, you mention that, in the Navy, there is increased difficulty in using CHAMPUS, resulting in large medical bills. Could you elaborate? Is the difficulty to which you refer more prevalent in some geographical areas than in others?

Answer: The problem with CHAMPUS is the bureaucratic nightmare you have to go through to file a claim. I am hearing more and more about doctors who won't accept it at all, or will not accept the maximum allowable limit set by CHAMPUS as adequate compensation for services rendered. There is no consistency in what CHAMPUS will or will not cover. I can provide for you a case in Willow Grove, PA. A chief petty officer and his wife are being threatened by creditors for nonpayment. I feel CHAMPUS should be covering their payments, which are more than most of you could afford, let alone an E-7 in the Navy. In another case, a dependent is in need of a series of minor operations dealing with facial cancer. Each time the doctor uses the exact same procedures; CHAMPUS paperwork has been filed the exact same way each time. One time they will pay in full; the next time they will pay nothing, saying that that type of operation is not paid for by CHAMPUS. On one occasion, CHAMPUS paid 30 percent with no explanation. If you want a real feel for the frustration our families have with CHAMPUS, conduct and attend a seminar in Groton, CT; Willow Grove, PA or Boston.

Question: What is the experience of your enlisted personnel in the two states -- Hawaii and California-- where the CHAMPUS Reform Initiative (CRI) is now in operation? Has CRI helped to make medical care more available?

Answer: Feedback I've received from the fleet and force master chiefs has all been positive about CRI. Most still prefer a Navy medical facility but CHAMPUS Reform has worked well for the patient.

Question: In areas where there are Navy hospitals, do enlisted personnel prefer to use these hospitals or to stay under CHAMPUS?

Answer: The majority of people I talk to prefer to use Navy hospitals. I've also been asked by active duty members and dependents who are on recruiting duty or are NROTC instructors in areas located more than one hours drive from military hospitals why they can't use a VA hospital that is local instead of using CHAMPUS. They also want to know why a VA hospital can't accept CHAMPUS. The bottom line is, our Navy families want to stay in the military medical system.

Question: Do active duty enlisted personnel feel that they have the same access to naval hospitals as officers and dependents?

Answer: Yes. I have not received complaints that officers or senior enlisteds receive preferential treatment.

HABITABILITY ON SHIPS

Question: Master Chief Bushey, your statement addresses living conditions on ships for enlisted personnel. You further say that these living conditions have improved on newer, more modern ships. Could you describe the improvements?

Answer: Berthing compartments and the majority of work spaces have air conditioning and proper heating. Modular berthing is more comfortable and uses space more efficiently. Little things like individual rack reading lights, vents and secure lockers have given individuals the ability to set up a place that is theirs, however small it may be. Shipboard Information, Training and Entertainment (SITE) television systems allow us to get current news, entertainment and training to the crew. Most of our modern ships have crew's lounges, libraries for off duty time and study. Eating areas have a pleasant atmosphere. Recreation funds and badly needed ship's spaces have been dedicated for physical fitness. This, in my opinion, is one of the greatest and most needed improvements. All of these improvements add to a greatly increased quality of life. But it is still for below what would be classified as adequate quarters ashore. We do realize, however, that only so much can be done for combatants at sea.

the question is exactly the problem. The service member spouse, who is also a service member, can draw single Basic Allowance for Quarters but the sea-going member loses BAQ. This law decreases income based on the assignment, but housing costs remain the same for the married service members. This applies to enlisted personnel below the grade of E-7. This issue is also being studied by the Seventh QRMC.

Question: Has either the Navy or DoD ever proposed letting a single service member retain his BAQ while he is on sea duty?

Answer: In recent years this was changed to allow E-7 and above drawing BAQ to continue to do so after being assigned to sea duty. This is not good enough. We have several career E-6 and below who have established a household and have household goods. When ordered to sea, they suffer the financial burden of paying storage on their own.

SEXUAL HARASSMENT OF WOMEN

Question: Do you hear complaints of sexual harassment from female service members as you travel to military bases around the world?

Answer: Yes. The most common complaints concern verbal abuse and hostile or intimidating work environment. But, let me assure you that whenever these offenses are reported, policy dictates swift and severe action be taken to eliminate this unprofessional behavior.

Question: Have you ever heard of an example of sexual harassment of men?

Answer: Yes. However, most men are not willing to talk about specifics. A recent Navy-wide survey substantiated that very few men perceive that they are harassed.

Question: Could each of you comment on the procedures available to a female service member if she feels she is being harassed. For example, what if the person she feels is harassing her is her immediate supervisor or superior?

Answer: The Navy's grievance and redress procedures are designed to allow informal, formal and legal redress. This means the individual would first attempt to resolve the problem with the harasser. If this is unsuccessful, the matter is referred up the chain of command to the commanding officer. If the commanding officer does not resolve the matter, a formal grievance can be submitted. Also, all shore commands are required to designate a person to assist individuals in resolving harassment problems. Harassment allegations may also be reported through the

Inspector General's hotline. This alternate means of reporting harassment may be used if the complainant is not reasonably satisfied that the complaint has been/will be properly resolved by the chain of command.

Question: Are the procedures you describe sufficiently well monitored and structured and sufficiently confidential that a female service member may bring a complaint without fear of damaging her career?

Answer: No. Unfortunately, many service members will not file a grievance because they think it would make their work situation unpleasant, they think their other actions may solve their problem, or they do not think anything would be done.

Question: Because you four senior enlisted advisors spend a large part of your time in the field talking to enlisted service members, you are probably in a unique position to comment on the prevalence of sexual harassment of women. Do you feel that there is a commitment by your individual services that sexual harassment simply will not be tolerated under any circumstances?

Answer: I feel that it has been made known that sexual harassment will not be tolerated. As in any organization, someone will test the system, or not use common sense. I feel as these cases come up, the offenders will be dealt with swiftly and with a big hammer.

FAMILY SUPPORT CENTERS

Question: Last year, we discussed the issue of spousal and child abuse. Could each of you provide an update -- are the services becoming more adept at identifying victims of abuse?

Answer: The Family Advocacy Program (FAP), the DoD program which provides prevention, identification, intervention and follow-up in cases of child and spouse abuse, has grown since its inception in 1981 to the present in terms of: The numbers of people served; the program budget; and the staff committed to responding to domestic violence among military families. The numbers of victims of family violence identified as treated over the last three years is:

	FY-87	FY-88	FY-89
Child abuse	2688	2852	3708
Spouse abuse	3471	4149	4365
Total	6159	7001	8073

As you have noticed, the number of cases has increased by almost 2,000 from 1987 to 1989. I don't believe this indicates an increase in violence; it's an indication of increased identification and corrective action. Commands have become more aware of family violence and are less apt to cover-up the case even if it involves a top performer.

Question: For a long time, in both civilian and military communities, child and spouse abuse was a subject no one wanted to acknowledge or discuss. Do you believe that the military services are now committed to finding and treating, not only the victims of abuse, but also the perpetrators?

Answer: The Navy Family Advocacy Program takes a proactive approach to prevent family maltreatment whenever possible through support and education programs. When abuse does occur both the victim and the perpetrator (as well as other affected family members) receive appropriate interventions to include safety precautions, group and/or individual treatment, educational classes, and, when appropriate, disciplinary sanctions for severe or repeated offenses. Navy leadership fully supports Family Advocacy. In March 1989, the Chief of Naval Operations issued Navy-wide a policy statement which affirmed that the abuse of children is not tolerated in the Navy, that every case must be reported and assessed, and that assistance in these matters is available through the Family Advocacy Program. This clear statement of support for Family Advocacy efforts exemplifies the Navy's deep commitment to the prevention and addressal of family maltreatment. And, yes, we still have a way to go to be effective. I believe we are ahead of society in solving this probelm.

MARINE CORPS

Question: I know that you travel a great deal meeting with enlisted members of your service. What is your general impression of their general impression of Operation Just Cause?

Answer: General impression is that all services did an excellent job during Operation Just Cause. However, the impression from the field (all ranks) is that in some instances, Just Cause was exploited for service interest and to showcase new hardware. We believe that the soldiers in Panama did a very professional job, and I have talked to no one who put their performance down. However, many Marines believe that the Corps was capable of performing, and should have been assigned, a larger role.

FAMILY SEPARATION/UNACCOMPANIED TOURS

Question: Sergeant Major Sommers, you mention in your statement that the Marine Corps has reduced the number of unaccompanied tours overseas. I seem to remember that formerly the Marine Corps had an extremely high percentage -- perhaps as much as 95 percent -- of unaccompanied tours. What percentage of tours overseas are now unaccompanied?

Answer: Unaccompanied tours overseas currently represent 90 percent of all overseas tours.

Question: What programs does the Marine Corps have to minimize the effect of overseas tours or training or operational deployments on the families of Marines?

Answer: We recognize that overseas tours, extended training exercises, and deployments are disruptive to family life and consequently have a number of programs to assist Marines and their family members with the stresses created by these operational requirements. Our 18 Family Service Centers (FSC), located on major installations worldwide, offer pre-deployment programs for Marines and family members. These comprehensive briefings prepare all family members for the separation. Financial counseling, employment assistance for spouses, and information and referral services are also available for the family prior to, during and after the separation. In addition, deployment support activities continue for family members while the Marine is away. Toll-free telephone numbers exist at the MCCDC Quantico and MCB Camp Pendleton FSC's which allow family members living away from USMC installations access to information and support services. We have published and distributed two excellent booklets which are very beneficial for family members. These are Daddy's Days Away: A Deployment Activity Book for Parents and Children, and What's Next? A Guide to Family Readiness.

Question: You also mentioned that 28 percent of your young Marines are married to women whose average age is 19 years old. Are there special programs or special services available to these young people?

Answer: The inherent problems caused by the youth of many of our Marine spouses are compounded by the fact that most of them are away from their extended family for the first time. They do not have mothers, grandmothers or older siblings to turn to for immediate support as many young civilian couples have. We attempt to prepare these young couples for marriage, military style, through pre-marital preparation workshops. The addition of a child to the family often creates additional stresses. For this reason we have implemented a new program which began at MCB Camp Pendleton last fall and is already proving to be beneficial. This is the Home Visitation Program which seeks to identify at-risk parents early in the pregnancy and offers immediate intensive intervention to reduce the possibility of child abuse/neglect. This program will be replicated at other medical treatment facilities this fiscal year and in fiscal year 1991. In addition, many of our FSC's offer parenting classes, and some of our Child Development Centers offer drop-in care which allows parents a break from the constant demands of child rearing. We are also experimenting at MCAS El Toro with a new, required counseling program upon marriage and the birth of a first child. If successful, this program will be replicated throughout the Corps.

RECRUITING

Question: Sergeant Major Sommers, last year you talked about steps General Gray had taken to improve morale among the Marine Corps' recruiting force. One step he had recommended was removing Marines from recruiting duty, if they proved to be poor recruiters, and returning them to their occupational specialties, without a blot on their records. Has this recommendation been implemented?

Answer: Yes. Recruiters that expend an appropriate effort to achieve their goals but do not realize desired results are removed from recruiting duty for the good of the service. This form of relief or removal from recruiting duty is not prejudicial to the Marine or his career; it recognizes an inappropriate assignment and returns the individual to a job corresponding to his primary military occupational specialty.

BACKGROUND/SIGNIFICANCE OF ISSUE

Question: Last year the Marine Corps had a major recruiting scandal at one recruiting station when recruiters had falsified records, test scores, etc., in order to meet recruiting goals. Part of the problem seemed to be that recruiters were assigned to recruiting duty regardless of whether they were effective recruiters.

Are most Marine recruiters volunteers or are they simply assigned recruiting duty whether they want it or not?

Answer: The 1989 DoD Recruiter Survey indicates that 54% of our Marine recruiters volunteered for their assignment to recruiting duty. The remaining 46% are non-volunteers. All career Marines can expect to be screened for recruiting duty or other special assignments such as drill instructor or Marine security guard duty. There is a continual need for qualified Marines to serve in special assignments; those Marines satisfying specified criteria either volunteer or are assigned to those duties as necessary.

Question: How much training are your recruiters given before they are assigned to recruiting duty?

Answer: All Marines assigned to recruiting duty attend the Marine Corps Recruiters School located at the Marine Corps Recruit Depot, San Diego, California. The school is 7 weeks in length consisting of 34 training days and 280 hours of instruction.

Question: Have you been generally satisfied with the quality of recruits you are receiving in the 1980-1990 time frame?

Answer: Yes! The effort put forth by our recruiting service in finding the "best qualified" and the support Congress has provided in ensuring adequate compensation to attract those who are "best qualified", have done immense good in shaping the quality Marine Corps we have today. Fifteen years ago, our non-EAS attrition was twice what it is today. Although we tightened up on quality, we just couldn't recruit and retain the kind of quality Marine you see today until we paid them what they're worth. As a result, our disciplinary problems are half what they were 10 years ago; and our self reported drug use, as reported in the "1988 DoD World Wide Survey on Substance Abuse and Health Behaviors Among Military Personnel" has shown a dramatic decrease from 37% to 4%. I would ask that you continue that support, because it has made some dramatic differences in the readiness of your Marine Corps. That's why we keep stressing quality -- it has a direct reflection on our readiness.

SEXUAL HARASSMENT OF WOMEN

Question: Because you four senior enlisted advisors spend a large part of your time in the field talking to enlisted service members, you are probably in a unique position to comment on the prevalence of sexual harassment of women.

Do you hear complaints of sexual harassment from female service members as you travel to military bases around the world?

Answer: There are procedures in place for individuals with complaints to bring them to the attention of their chain of command. When such a complaint arises from a service member during any of my travels it is promptly referred to the proper commanding officer for investigation and corrective action, if necessary.

Question: Have you ever heard of an example to sexual harassment of men?

Answer: A review of records during the past three years indicates one case of a male Marine being sexually harassed. In 1989, a female lance corporal verbally abused in a sexual nature a male lance corporal. The female lance corporal received nonjudicial punishment and was placed on fourteen days restriction.

Question: Could you comment on the procedures available to a female service member if she feels she is being harassed. For example, what if the person she feels is harassing her, is her immediate supervisor or superior?

Answer: Utilizing the chain of command and the request mast system are the primary means for filing sexual harassment complaints within the Marine Corps. Marines have the right to request mast to their individual commanding generals and need not discuss their complaint at intervening levels. This would allow an individual to file a complaint against their immediate supervisor or superior.

Question: Do you feel that there is a commitment by your individual services that sexual harassment simply will not be tolerated under any circumstances?

Answer: Yes The Commandant, through the publication of White Letters to his commanding generals and commanding officers, revision and reissuance of policy, and numerous articles through both headquarters and local media means, has continually emphasized that sexual harassment erodes morale, has an adverse effect on readiness, and will not be condoned or tolerated. His commanders understand this and are taking appropriate action.

FAMILY SUPPORT CENTERS

Question: Last year, we discussed the issue of spousal and child abuse. Could each of you provide us an update -- are the Services becoming more adept at identifying victims of abuse?

Answer: We know that the number of reported cases of child and spouse abuse have increased significantly since we began keeping these statistics. We strongly believe this is an indication of improved awareness, identification and reporting rather than an actual increase in violent behaviors. Commanders, teachers, child care providers, medical personnel, and others are all more familiar with reporting requirements and their responsibilities in insuring that reports are made to the appropriate persons.

Question: For a long time, in both the civilian and military communities, child and spousal abuse was a subject no one wanted to acknowledge or discuss. Do you believe that the military services are now committed to finding and treating, not only the victims of abuse, but also the perpetrators?

Answer: I believe that we are more committed to finding and treating victims, as well as perpetrators. We know that the victims of all kinds of abuse are likely to carry emotional scars for many, many years without proper intervention. Perpetrators of physical abuse are likely to continue their behavior and increase the severity of it without some intervention. We have recently made additional services available to sexual abuse perpetrators in the MCB Camp Lejeune Brig. A psychologist was brought on staff of the FSC to offer treatment to these individuals and their families. If a sex offender is to have any chance of recovery and/or unification with his family, intervention is essential. The MCB Camp Pendleton brig will be offering similar services once staff can be added.

AIR FORCE

Operation Just Cause

Question: I think I would like to ask all of you this question. I know that all four of you travel a great deal meeting with enlisted members of your Services. What is your general impression of their general impression of Operation Just Cause?

Answer: The troops are proud, pleased, and excited about the professionalism demonstrated by all concerned. Even among the wounded during my visit to Wilford Hall Medical Center I noted the same pride. Everyone feels the operation was needed, justified and long overdue.

Hollow Force

QUESTION: Chief Binnicker, you refer to the "hollow forces" that existed in the 1970s Defense budgets and continually declined following the end of the Vietnam conflict. I am sure that none of us wants to return to those days of chronic undermanning across the board. But to avoid returning to those days requires an equal commitment from the Congress and the Department of Defense.

Do you perceive that the Air Force is committed to drawing down end strength over the coming months and years in a manner that will avoid undermanning and the so-called "hollow forces."

ANSWER: The Air Force is committed to avoiding a long-term hollow force. However, in FY 1991 there is a unit undermanning of 19,400 spaces -- 16,600 of which were taken notionally in anticipation of successful CFE and START negotiations. Of course, it was not prudent to identify the specific force structure and basing reductions prior to completed negotiations. Nevertheless, the likelihood of approved treaties, combined with fiscal realities, prompted reducing the associated manpower from the budget. This manpower reduction, until tied to specific force and basing actions, will increase unit undermanning to a peak of 19,400 spaces in FY 1991 -- the highest budget level in Air Force history.

Once the CFE/START treaties are signed and force structure is reduced, additional military end strength should not be cut from the budget until a proper balance between force structure and end strength is achieved. Cutting this end strength again would underman a further reduced force structure -- exacerbating and extending what was to be an interim hollow force. This condition translates into fewer people at the unit level to operate and maintain today's expensive and highly capable weapon systems. Safety, training and morale, to name a few, suffer. Most importantly, the effective and efficient use of our sophisticated weapon systems suffers which adversely impacts mission capability and combat effectiveness.

Question: What effect has the certainty of end-strength reductions had on morale in the Air Force?

Answer: These end strength reductions are having a profound effect on the morale of Air Force members and their families. The majority of Air Force members today entered the Air Force under the auspices of the All Volunteer Force when they were promised exciting and rewarding careers in return for a long-term commitment. With Congress now looking to cut the Service's manpower strengths by large numbers due to the changing world political situation, there is a mounting foreboding in the force about what this will mean in terms of reductions-in-force, involuntary early retirements and other involuntary separations. All of this turmoil has caused morale among Air Force members to plummet since they have no idea what is going to happen to them and their families.

Question: Have you noticed any decrease in reenlistments as a result of these reductions?

Answer: We have noticed recent decreases in our reenlistment rates; however, it is too early to determine the exact causes. A decrease in reenlistment rates was expected due to the two enlisted voluntary early release programs implemented earlier in this fiscal year. Only with the passage of time will we be able to ascertain any decrease in reenlistments which can be attributable to the reductions.

Reduction in Accessions

Question: If most of your end strength reductions are taken from accessions, is not there a danger that you will end up with an enlisted force that is too top heavy?

Answer: In the past it is true the Air Force has taken most of its reductions in end strength through lowered accessions. However, in FY91 enlisted strength reductions will be achieved through a prudent combination of lower accession levels coupled with higher losses of experienced people. The goal is to have a well-balanced enlisted force that is not too top heavy.

Question: You said last year that you thought the enlisted force should have about 51% in the top five grades. At that time, the Air Force had about 48%. Is the increase from 48% to 50% the result of a plan by the Air Force to reach 51%.

Answer: The 51% referred to is the result of a position-by-position application of manpower engineering standards to determine the grade required to perform jobs in the Air Force. This process is extensive, and uses scientific techniques to determine the appropriate level of expertise, leadership, training, experience, etc., for each job. The 1989 count of all positions requiring a SSgt or higher to perform the job equalled 51.7% of the end strength of the enlisted force. These required ranks/grades in the force are constrained down to a "grade plan" percentage, based exclusively on budget considerations. Our current grade plan calls for 48% in the top five grades. These are distributed among specialties based on a "fair share" reduction from the required grades. Therefore, although the current mix is approximately 50% top five grades, it is a function of a less than needed strength level, instead of a changed grade plan. This shortfall of people versus programmed strength is predominantly met through fewer accessions, presenting a short term appearance of a more top heavy force. Next year's top five grades will again be consistent with programmed end strength and the top five grade plan.

Sexual Harassment of Women

Question: Because you four senior enlisted advisors spend a large part of your time in the field talking to enlisted service members, you are probably in a unique position to comment on the prevalence of sexual harassment of women.

Do you hear complaints of sexual harassment from female service members as you travel to military bases around the world? Have you ever heard of an example of sexual harassment of men?

Answer: I have never heard/received one complaint of sexual harassment during my four years as CMSAF. I believe the leadership at all levels has dealt swiftly with the problem and when appropriate, action was taken against the perpetrator. It is well known and understood that we neither condone nor tolerate sexual harassment in our Air Force.

Question: Could each of you comment on the procedures available to a female Service member if she feels she is being harassed. For example, what if the person she feels is harassing her is her immediate supervisor or superior?

Answer: If a female Service member feels she is being sexually harassed, she can make a complaint through any of several avenues available to her. These include: Her unit commander, the base commander, the base Social Actions Office or the Inspector General. If the complaint is against her immediate supervisor or superior, she can take her complaint to the next higher person in the chain of command.

The Air Force educates its members on these complaint procedures during newcomers' orientations, as well as through various Professional Military Education courses that members take throughout their careers. Additionally, unit commanders are required to ensure their members know the various complaint channels and procedures for filing complaints or otherwise seeking outside assistance. Further, unit commanders are responsible for ensuring their members are able to present complaints without fear of retaliation.

Question: Are the procedures you describe sufficiently well-monitored and structured and sufficiently confidential that a female service member may bring a complaint without fear of damaging her career?

Answer: The Air Force closely monitors sexual harassment complaints. These complaints go through several levels of review to ensure compliance with the Air Force Equal Opportunity and Treatment (EOT) policy. The senior commander is the one who reviews the cases and decides if sexual harassment has occurred. These complaints are also reviewed by the base Legal Office to insure legal sufficiency, as well as by the base Social Actions staff. Senior commanders are also briefed regularly on sexual harassment complaints to help monitor trends and correlations with EOT and Human Relations Education (HRE) prevention programs.

Due to the nature of complaint processing which includes interviewing witnesses who may have relevant information concerning the complaint, total confidentiality cannot be offered. However, commanders are held responsible to ensure reprisals are not taken against the individual filing the complaint.

Question: Do you feel that there is a commitment by your individual Services that sexual harassment simply will not be tolerated under any circumstances?

Answer: The Air Force is strongly committed to the policy that sexual harassment will not be tolerated under any circumstances. Air Force policy prohibiting sexual harassment is well publicized and all members receive education on this prohibition . The number of sexual harassment complaints has risen (304 in FY 1989 compared to 187 in FY 1985) indicating a willingness on the part of Air Force members to bring sexual harassment complaints to unit commanders. Commanders are the ones who decide if sexual harassment has taken place. The high confirmation rate in FY 1989 (64 percent) shows strong involvement on the part of commanders. In cases where sexual harassment has been confirmed, appropriate action was taken against the offender. The bottom line is the Air Force has a strong policy prohibiting sexual harassment. This policy is well publicized. There is strong commander involvement and appropriate action is taken when sexual harassment is confirmed. The Air Force is unwavering in its commitment to this policy.

Family Support Centers

Question: Chief Binnicker, you mention the Air Force's establishment of a number of Family Support Centers at Air Force bases. In the unsettled atmosphere in which service members are now living -- because of the projected cuts in end strength -- I should think these Family Support Centers are more important than ever.

Can you describe for us briefly the kinds of support these centers are able to provide to Air Force families?

Answer: Air Force Family Support Centers (FSCs) are the cornerstone of the Air Force Family Support System and are truly ar Air Force success story. During FY89, FSCs recorded approximately

1.3 million contacts for family assistance, base commanders without FSCs are asking for them, and MAJCOMs have accelerated the approved Air Force build plan.

FSCs are the focal point on the base for family related issues and perform four major functions. They provide information and referral counseling for families seeking assistance, and they provide follow-up with referral agencies to ensure the families' needs are met. FSCs also serve as consultants to base leadership to assist in creating a more family responsive work and community environment. Third, FSCs provide program planning and coordination in conjunction with other human resource organizations on and off base to increase the supply and quality of family programs and services. Finally, FSCs conduct an array of programs to assist in family adjustment and development.

FSC direct service programs are offered in five major areas, which include spouse employment assistance, volunteer management, financial management assistance, relocation assistance, and family life education. The Spouse Employment Resource Program includes workshops and seminars in all aspects of the job search process, development of employment opportunities and alternatives, and matching spouses with job openings commensurate with their skills, training, and education. The Volunteer Resource Program works with on and off base organizations to enhance the recruitment, training, recognition, and retention of volunteers. It, too, works to develop volunteer opportunities and match them with volunteers' interests and skills. The Financial Management Program, which includes Air Force Aid Society and Personal Financial Management Program services, addresses a myriad of families' financial concerns that range from emergency and student loans to budget maintenance and investment strategies. The Relocation Assistance Program, presently being enhanced, will provide coordinated and comprehensive assistance that addresses diverse family needs from preparing for the move through settling in and adjusting to the new location. Finally, FSCs conduct family life education classes, workshops and seminars that deal with a variety of aspects of family life that often create stress or can lead to dysfunction, such as preparing for parenthood, parenting education and skills with all ages of children, marital communication and enrichment, and caring for an elderly parent.

Question: Last year, we discussed the issue of spousal and child abuse. Could each of you provide us an update -- are the Services becoming more adept at identifying victims of abuse?

Answer: We believe we are. Air Force Family Advocacy personnel brief commanders, key staff, and medical personnel annually on signs, symptoms, and need for referral of child and spouse abuse problems. The number of reports of abuse have increased each of the last six quarters. Only 17 percent of FY 1989 maltreatment reports came from victim self-report -- the other 83 percent came from base agencies such as security police, medics, Family Support Centers, commanders, etc.

Question: For a long time, in both the civilian and military communities, child and spousal abuse was a subject no one wanted to acknowledge or discuss. Do you believe that the military services are now committed to finding and treating, not only the victims of abuse, but also the perpetrators?

Answer: The Air Force has recognized that family violence interferes with Service members' job functioning, and that helping fully-trained personnel solve their problems is much less expensive and more efficient than training new personnel. Providing treatment services to perpetrators, as well as victims, allows us to reduce future violence potential and strengthen the whole family.

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STATEMENT OF MRS. SYDNEY T. HICKEY, ASSOCIATE DIRECTOR OF GOVERNMENT RELATIONS, NATIONAL MILITARY FAMILY ASSOCIATION, INC.

Senator INOUYE. Next we will be hearing from two groups who have strong interests in programs affecting military families. We heard from one of the groups last year, and are looking forward to hearing from them again.

We will now call upon Mrs. Sydney T. Hickey, associate director of government relations, the National Military Family Association, Inc.

Then we will welcome Mrs. Linda Connelly, legislative chair, from the European Congress of American Parents, Teachers, and Students.

Mrs. Hickey, it is good to have you here with us.

Mrs. HICKEY. Thank you, Mr. Chairman. We appreciate being invited back. Even more, we appreciate and are grateful for your interest and that of your committee in military families.

And it is in this time of extreme uneasiness that families are fearful, and NMFA again turns to you for assistance.

Today we would like to briefly discuss two families, those of the well-qualified service member the Department of Defense needs to retain on active duty, and the families of those members who will be involuntarily separated through no fault of their own.

The active duty of the future will, unless my ears deceive me, decidedly be smaller. The members of that force will need to be more flexible and capable of more varied missions.

To attract and retain personnel able to meet these challenges, the needs and concerns of their families must be addressed. Overall compensation must be competitive, and the quality of life must be attractive. Perhaps even more important, today, both must remain reasonably consistent from one duty station to the other.

And at the risk of being redundant, particularly with Master Chief Petty Officer of the Navy, Mr. Bushey, we would like to take a minute to talk about this inconsistency.

The variable housing allowance program was implemented to correct the inconsistency in housing costs. Unfortunately, insufficient funding and the current law, which proscribes a true catchup, have caused this program to fall far short of its goal.

And housing problems are not the only problems for military family in high-cost areas—automobile insurance, household goods insurance, transportation costs, all can double or triple or quadruple from one duty station to the other.

Your out-of-pocket CHAMPUS costs go higher because you cannot find anybody that accepts CHAMPUS assignments. Your dental care will be higher. What you find is the E6 stationed at Fort Hood, TX, is transferred to Fort Ord, and he and his family live the lifestyle of an E3 or less.

There are uncertainties in today's military life. Pay rates more than 11 percent behind the private sector, variable medical costs, and uncertainty about promised retirement benefits are unfortunately not new concerns.

However, the headlines consistently talk about peace dividends, drastic force cuts, and some thousands to be returned from overseas and sent home, proposals to keep pay raises substantially below inflation, plans to freeze retiree pay, and proposals to increase CHAMPUS copayments are producing extremely high levels of uncertainty, fear, and stress.

Budget cuts and family support programs are proposed for fiscal years 1991 and 1992. Planned family service centers and new family abuse prevention programs cannot come on line due to the DOD civilian hiring freeze. Family advocacy programs in San Diego are turning away two-thirds of all cases because they do not have adequate staff.

At least 12 Navy children and 3 spouses died in fiscal year 1989 because of abuse. Is this the time to cut back on these programs?

We would like to take a minute to look at the Department of Defense as an employer. Military members and their families are certainly doing that and looking at DOD very critically. DOD must provide consistent benefits and sufficient compensation for those it wishes to retain.

On the other hand, if DOD is to remain a competitive employer, it must take steps to support the return to civilian life of those involuntarily being separated.

To this end, NMFA would like to suggest the following transition plan.

You talked before about the separation pay for enlisted members. We strongly support that. We also support an equity unemployment compensation that does not now exist. As you are probably aware, Mr. Chairman, civilians can receive unemployment compensation for 26 weeks; military members only 13 weeks.

In addition, military members must wait 4 to 5 weeks to apply; civilian people can frequently do that within a week of unemployment. The other body has legislation that would correct both of these inequities, and we strongly support that.

Our transition program would require relocation services. Departing service members should be given information about the area in which they wish to locate. The information should include housing costs and availability of employment opportunities for the departing service member and the spouse, educational opportunities for the service member and the family members, child care, medical care, and cost of living.

Permissive leave, similar to that given for house hunting trips to a new duty station should be granted.

In out placement, service members should be offered training to transfer their military skills to civilian job skills. Job search techniques, resume preparation, and interview techniques should be taught.

Service members must be made aware of the local, State, and Federal employment assistance programs available to them at their intended destination.

Trained counselors should be available in all areas of the job search process to give individual attention to the departing service families. Current military spousal employment programs may be unable to adequately serve a large number of spouses of departing service members. Therefore, the spouses should be included in the service member's out placement program if they so desire.

We are aware of the Department of Labor's pilot assistance program, and it may well be effective for the typical service member detaching prior to retirement, and to the new retiree, but it does not appear to be designed to meet the specific and individual needs of the service member departing the service against his or her will—neither designed nor resourced.

It should also be noted that spouses are ineligible for the full services of the Department of Labor Transition Assistance Program. NMFA transition program would also require mandatory briefings for departing service members. Their attendance would be mandatory. And it would be encouraged with free child care for the family members. And this should be under veteran's benefits, on the GI bill, on life insurance, which they will lose, and certainly on the uniformed services voluntary insurance plan.

Counselors knowledgeable about these programs should be available for all departing service members.

In medical care, separating service members and their family members should be eligible for CHAMPUS at active duty rates for 3 months after their separation from active duty.

Members enrolling in USVIP within that 3-month period should continue to be eligible for CHAMPUS care at active duty rates for 1 year for document preexisting conditions.

NMFA further suggests that service members and family members who are pregnant at the time separation orders are received, should be covered under CHAMPUS at active duty rates.

FAMILY STABILITY

Finally, family stability. Families should remain together during the transition phase. Service members and their families serving overseas should have at least a 6-month assignment in the United States before separation could be effected, an assignment together.

Legislation needed for this transition program separation pay and expanded unemployment compensation must become effective before the first military family is involuntarily separated.

Whenever a new program is proposed, the first question asked is, How much will it cost and where will the money come from? Civilian firms often provide bonuses for workers when a significant business goal has been reached. The U.S. Government will, in effect, be firing some of those who helped achieve peace in Eastern Europe.

And peace dividend should provide competitive compensation and equitable benefits for those service members and their families remaining in uniform. And it should also provide support for those service members and their families being forced to transition into civilian life.

Thank you, Mr. Chairman.

[The statement follows:]

STATEMENT OF MRS. SYDNEY T. HICKEY

The National Military Family Association (NMFA) is a volunteer, nonprofit organization composed of members from the seven uniformed services, active duty, retired, and reserve, and their family members and survivors. NMFA is the only national organization whose sole focus is the military family and whose goal is to influence the development and implementation of policies which will improve the lives of those family members. NMFA appreciates this opportunity to express its views.

We are deeply grateful for the interest and concern shown to military families by you Mr. Chairman and your committee. In this time of extreme uneasiness, families are fearful. NMFA again turns to you for assistance.

Today, we will discuss two families: those of well qualified service members that the Department of Defense (DOD) must retain on active duty and the families of those members who will be involuntarily separated through no fault of their own.

The active duty force of the future will be smaller than the current one. The members of that force will need to be even more flexible and capable of more varied missions. To attract and retain personnel able to meet these challenges, the needs and concerns of their families must be addressed. Overall compensation must be competitive. Quality of life must be attractive. Both must remain reasonably consistent from one duty station to another.

INCONSISTENT LIFESTYLE

The Variable Housing Allowance (VHA) program was implemented to correct the inconsistency in housing costs. Unfortunately, insufficient funding and the current law, which proscribes a true "catch up," caused this program to fall far short of its goal. The reported 20 percent of housing costs that service families absorb out of pocket does not reflect the entire problem. VHA and Basic Allowance for Quarters (BAQ) have not kept pace with rising housing costs. Military members are forced to live further and further away from their duty stations. When the information from VHA is gathered, the rent or mortgage payment of where the member lives is attributed to the zip code of the member's duty station. The soldier who lives south of Fredericksburg, Virginia, and commutes four to five hours a day to the Pentagon reports his Fredericksburg housing costs. When VHA is recalculated, this soldier's housing costs, along with his military neighbors are included in the VITA calculation for the Pentagon zip code. Thus, the VITA for the Pentagon zip code is artificially reduced. (One does wonder what will happen when these soldiers are forced to commute from West Virginia.) Lower ranking families often "double up" to afford housing within a reasonable commuting distance. They accurately report their of the total rent, again artificially lowering the VHA rates for their duty station.

Housing costs are not the only problem for military families in high cost areas. Automobile and household goods insurance rates can double and triple those of the last duty station. Transportation costs, are higher either in the form of increased rates for public transportation, longer commutes requiring more gas and more frequent car maintenance, and/or bridge, road, tunnel or ferry fees. Parking fees may be charged at some duty stations. Out of pocket costs for medical care are often higher, as providers who accept CHAMPUS assignment are more difficult to find. Dental care is usually more costly. The E-6 stationed at Fort Hood, Texas, who is sent to Fort Ord, California, may find himself and his family constrained to a life style of an E-3 or less.

UNCERTAINTIES

Pay rates more than 11 percent behind the private sector, variable medical costs, and uncertainty about promised retirement benefits are not new concerns. Additionally, concerns about housing, family separations, inadequate Permanent Change of Station (PCS) reimbursement and child care always appear among the top "dissatisfiers" for military families. If we look at the "satisfiers" in military life, always at the top is job security; retirement benefits become more important as the service member accumulates 10 or more years of service.

Headlines that constantly talk about "Peace Dividends"; drastic force cuts; tens of thousands to be returned from overseas and sent home; proposals to keep pay raises substantially below inflation; plans to freeze retiree pay; and proposals to increase CHAMPUS co-payments are producing extremely high levels of uncertainty, fear, and stress. Additionally, the reduction in some Family Service and Support Programs caused by the DOD civilian hiring freeze is exacerbated by the threat of budget cuts in these same programs. Many Family Service and Support Programs including family member employment, crisis counseling, financial counseling and family counseling are one staff person deep. When that one person goes the program goes.

DOD AS AN EMPLOYER

Military members and their families will certainly look critically at DOD as an employer. If DOD is to be a competitive employer, it must show that it will and is taking steps to support the return to civilian life of those involuntarily being separated. DOD must provide consistent benefits and sufficient compensation for those it wishes to retain and must realize that service families endure hardships that are unique to the military lifestyle. The young Navy family stationed in Hawaii far from extended family must be able to find the support it needs within the military community. This may include "drop in" child care at the base Child Development Center while the service member is deployed. Nothing is more likely to add stress to the young mother who is far from extended family support, living in a high cost area, with her husband at sea for 6 months than not having a safe and affordable place to leave her two year old for a couple of hours a week.

The military health care benefit must be consistent. Health care should be accessible, and affordable. Complicated appointment systems geared more to discourage access than improve it, clinics that periodically close to certain beneficiary populations, non-availablity statements denied because the procedure be performed at a Military Treatment Facility within the next two years, and increased out of pocket expenses do not add up to affordable, accessible quality health care.

Permanent Change of Stations costing over $1,000 in unreimbursed expenses as well as failure to assist the spouse in finding new employment are not the mark of a competitive employer. Housing allowances should reflect the costs of housing within a reasonable commute to the duty station. Government housing should mirror the type of living quarters enjoyed by the service member's civilian peers. Stacked berths on ships while homeported, open bay World War II barracks and 1940 style family housing that has not been adequately maintained nor repaired will not be enticements to retain a quality force. Certainly, strides have been made in many areas. Forty-four Child Development Centers were authorized and funded for fiscal year 1990. However, the number of children needing spaces continues to grow. "Drop In" care in most centers is becoming a relic of the past. The active duty dependent Delta Dental Plan has received rave reviews from most military families. Families would like more services covered under the plan and indicate a willingness to pay higher premiums for those services. The CHAMPUS Reform Initiative (CRI) in California and Hawaii has received beneficiary approval from over 90 percent of the users. New bonuses for military doctors and nurses and funds provided to hire additional support personnel in MTFs should enhance the recruitment and retention of medical personnel. A funeral was not held for Navy medicine, and although it still has a long way to go, it is on the mend. Household goods weight allowances have been raised. Alaska and Hawaii were added to the Overseas Student Travel Program and it is again (we assume permanently) a school to duty station benefit.

The picture is by no means all negative, but, now we are at a critical point. Congress, the Administration and the Services must demonstrate their commitment to competitive compensation and equitable benefits for all military members and their families if they are to retain and attract a high quality force.

SEPARATING FAMILY

The military family that will be involuntarily forced to leave the service is a unique phenomena. The Country has never before reduced a volunteer force-members in uniform because they choose to be. The treatment of these families will strongly affect the ability of DOD to recruit and retain the force of tomorrow. In addition to the obvious unfairness of just handing walking papers to these families, the Country will also be saying something rather significant about how it views military people as individuals and how it recognizes sacrifices they have made.

With the expectation that Congress, the Administration and DOD do want to offer departing service members and their families some form of assistance, NMFA suggests the following transition program.

Separation pay and unemployment compensation.—Legislation has been introduced in the House to provide separation pay for enlisted service members using the same formula as is currently in law for officers. Enlisted members do not now receive separation pay. Legislation has also been introduced in the House that would provide the same unemployment compensation benefits to military personnel as those received by their civilian peers. Civilians are eligible for 26 weeks of unemployment compensation and may be paid from the time of unemployment. Military personnel are only eligible for 13 weeks of unemployment compensation and cannot receive benefits until they have been separated for 4 weeks. NMFA strongly supports both pieces of legislation as not only fair, but long overdue.

Relocation services.—Departing service members should be given information about the area where they may wish to locate. This information should include housing costs and availability, employment opportunities for the departing service member and spouse, educational opportunities for the service member and family members, child care, medical care and cost of living. Permissive leave similar to that given for house hunting trips to a new duty station should be granted.

Outplacement.—The service member should be offered training to transfer his military skills to civilian job skills. Job search techniques, resume preparation and interview techniques should be taught. The service member must be made aware of the local, state and federal employment assistance available to him at his intended destination. Trained counselors should be available to follow up with individual assistance to the service member in all areas of the job search process. Liaison with destination area job placement services should be part of the program. Training sessions and individual counseling should be made available to the service member on active duty time. Current military spousal employment programs may be unable to adequately serve a large number of spouses of departing service members. Therefore, these spouses should be included in the service member's outplacement program, if they desire. The Department of Labor's pilot employment assistance program may well be effective for the typical service member detaching prior to retirement and to the new retiree, but do not appear to be designed to meet the specific and individual needs of the service member departing the service against his or her will. It should be noted that spouses are ineligible for the full services of the Department of Labor Transition Assistance Program.

Mandatory briefings.—Attendance should be mandatory for the service member and encouraged (with paid child care) for family members at briefings on Veterans benefits, GI Bill benefits, life insurance, and the Uniformed Services Voluntary Insurance Plan (US VIP), sponsored by the DOD and offered by the Mutual of Omaha Insurance Company. Counselors knowledgeable about these programs should be available for all departing service members.

Medical care.—Separating service members and their families should be eligible for CHAMPUS at active duty rates for three months air their separation from active duty. Members enrolling in US VIP within that three month period should continue to be eligible for CHAMPUS care at active duty rates for one year for documented pre-existing conditions. Since many medical insurance plans will not cover maternity benefits for one year and US VIP does not cover them at all, NMFA suggests that service members and family members who are pregnant at the time separation orders are received should be covered under CHAMPUS at active duty rates.

Family stability.—Families should remain together during the transition phase. Studies have shown that even a routine Permanent Change of Station (PCS) produces an increased stress level in the family. Voluntary separation results in even higher stress levels. Participation of all family members in the decision making process during transition enables the family to function in a more positive manner.

Service members and their families serving overseas should have at least a six month assignment in the United States before separation could be effected.

WORD OF CAUTION

The current Family Service and Support operation cannot support the additional work load incurred by this transition program. These programs were designed and intended to support the active duty force. They are currently underfunded and undermanned. Since these programs are for the most part one person deep, the delegation of such a person to the transition program, even temporarily, will mean the cessation of that program for active duty families.

COST

This suggested transition program will cost money. If fully implemented, however, the services should see a reduction in their obligations for unemployment compensation.

NMFA's suggestions for both families offer a unique "two-fer." Current studies show that children of active duty personnel are 50 percent more likely than their peers to become the military families of the future. Therefore, whatever program is offered to current family members whether counseling for abusive families, child development programs, youth programs, quality educational programs, or other positive experiences, benefits the Country today and is an investment in tomorrow.

In summary, NMFA strongly believes the inconsistency and uncertainty of compensation and benefits must be addressed immediately if service members of the caliber needed in the force of the future are to be retained. Those being involuntarily separated must have a transition program that allows them to enter the civilian world with adequate protection for their health needs, knowledge of conditions at their intended destination and appropriate training to enter the civilian labor market. The legislation needed for this transition program, separation pay and expanded unemployment compensation must become effective before the first military family is involuntarily separated.

VARIABLE HOUSING ALLOWANCE

Senator INOUYE. Thank you very much, Mrs. Hickey.

Just a comment on the variable housing allowance. We noted the inequity also in the fiscal year 1990 report. We requested that DOD look into this matter and submit to us a report. It was supposed to have been submitted this month, but we are still waiting.

You have heard all the sergeants here and the senior enlisted personnel, and they were concerned about the separation that will come about as a result of decisions made reacting to the events in Europe.

Based upon that, I asked the Assistant Secretary of Defense for Health Affairs on the matter of involuntary separation. And told him that health benefit may be a very vexing problem for some, especially if they find themselves pregnant.

He responded by saying that the uniformed services voluntary insurance plan was available.

Mrs. HICKEY. He is correct, sir. However, there are two problems with that. No. 1, a departing service member aged 29 with a wife aged 29 and/or younger, with two children would pay $620 up front and a little bit of change for the 3 months of that program. That must pay for the 3 months at one time, up front.

NMFA contends that service families leaving involuntarily, forced to leave the service, not having a job, not knowing for sure where they are going, are probably not going to pay that kind of money up front. That is the first problem.

The second problem is, it has a 1-year preexisting clause. So that if you are separating a child who has chronic kidney disease or someone who has cancer or anything that is preexisting, it will not be covered for a year. And it does not cover any normal pregnancy.

Senator INOUYE. I think at this stage, for the record, we will have made part of the record just what you testified to, the Uniformed Services Voluntary Insurance Program, 3 month premiums through March 1, 1991. With that, as you say, I might find it difficult to buy this insurance also. And my pay is a little better than an enlisted person's pay, I think.

Mrs. HICKEY. I hope so.

Also, Mr. Chairman, in the pregnancy area, a service member is allowed to make an arrangement. A service member who is on active duty is allowed to make an arrangement with the nearby military medical facility to complete that pregnancy, and we would rather have the CHAMPUS option for the active duty service member that is departing as well as the family members.

The reason for that is we think it is going to be healthier for that service family, for those service families remaining in and for the country as a whole, if the departing family can get on with their life.

Hanging on because you are pregnant is perhaps not a real smart way to make this move.

Senator INOUYE. When you appeared before us last year, one of the questions I asked related to priorities in health care and you listed accessibility as your No. 1 priority.

We have, since your testimony, put on the fiscal year 1990 for additional support personnel——

Mrs. HICKEY. About $90 million.

Senator INOUYE. We would like to know, has that had any effect?

Mrs. HICKEY. Some.

Senator INOUYE. Not enough?

Mrs. HICKEY. No, not enough. I think that perhaps one of the ways it shows that accessibility is such an important part of medical care to the military family is the fact that according to the initial Rand Report on the CRI out in California and in Hawaii, they have over 90-percent approval of beneficiaries.

I mean, 90 percent of people who are happy with anything, I think comes almost in the miracle category, and one of the things the CHAMPUS reform initiative does is provide access.

Senator INOUYE. I can tell you, although it is 90 percent, I must be getting all the letters from the 10 percent that are not quite happy with it.

You have made a suggestion on training for those people who are being separated. I notice that there are certain areas where they do provide such transitional training programs, but it is not in the service.

I will most certainly discuss this matter with DOD and see if something cannot be done in this area, I think it makes good sense because it would be a terrible thing to just send service members out in the streets totally unprepared.

Mrs. HICKEY. Thank you, Mr. Chairman. One of our concerns, as I expressed, is we are aware of the Bureau of Labor's program with the military, pilot program with the military. We are not knocking the program in and of itself, but I was briefed by one of the members that is handling the program and they were talking about 3-day courses with up to 175 or 200 people in them.

And some little genie overnight is going to match in a computer what the service member put in during the day with the civilian job skill and I do not know who this genie is that is going to spit it out the next morning and tell that tank driver is he supposed to be a forklift operator.

That is all right for the normal transitioning service member and the new retiree. One is going because he wants to and the other one has got the retired pay to back him up.

These families that are going because they do not want to go, I believe—we believe need to get better support, and individual attention.

Senator INOUYE. At this moment the U.S. Senate is debating what we call the clean air bill, and one of the major sections of this clean air bill calls for benefits to be received by those who would be placed in jeopardy by this law, being laid off their jobs, unemployment compensation, and training programs.

I have been sitting by and quietly supporting all of these because I am now in the process of drafting amendments to a DOD bill that would provide similar benefits to those men and women who will be involuntary separated because of action on the part of the Government.

Mrs. HICKEY. Thank you, sir.

Senator INOUYE. We have got some big bucks in this clean air bill, and I can assure you that I will do my best to see that soldiers, sailors, air personnel, and marines get the same deal.

Mrs. HICKEY. Thank you, sir.

Senator INOUYE. Thank you very much, Mrs. Hickey.

Now we will hear from Mrs. Connelly and Mrs. Neher of ECAPTS.

Ladies, we are especially grateful to both of you. We know that you have traveled long distances, all the way from Germany to be with us this afternoon and waiting all of this time. Your testimony will be very important because many of the military personnel who will be separated involuntarily will be coming from your area.

So may I now call upon Mrs. Connelly.

STATEMENT OF LINDA CONNELLY, LEGISLATIVE CHAIR, EUROPEAN CONGRESS OF AMERICAN PARENTS, TEACHERS, AND STUDENTS

Mrs. CONNELLY. Thank you. Good afternoon, Mr. Chairman and other distinguished members of this subcommittee. My name is Linda Connelly, and I am the legislative chairperson of the European Congress of American Parents, Teachers and Students, better known by its acronym, ECAPTS.

Karen Neher, the president of ECAPTS, is also here with me. We are proud to speak out for those whose interests have been overlooked here today: the voiceless, the voteless, the children in overseas schools systems supported by the Department of Defense.

ECAPTS is a child-advocacy group that is a self-governing member of the National PTA. The National PTA is a nonpartisan, nonprofit organization representing some 6.6 million parents, teachers, students, and other concerned citizens in each of the 50 States and the District of Columbia.

The National PTA supports adequate Federal funds for schools and community services in overseas areas where the United States maintains Armed Forces.

This position underlies the National PTA's support for ECAPTS, the parents, teachers, and students at schools overseas, which comprise the Department of Defense dependent schools or DoDDS system.

DoDDS operates schools in five regions covering Germany, the Atlantic, the Mediterranean, the Pacific, and Panama. On its own, ECAPTS represents 21,000 member parents, teachers, and students in local units in eight countries in Europe.

On a broader scale, we feel ECAPTS represents the 150,000 students worldwide where no formal PTA's exist. We elect officers and a board of directors and in most ways we operate similarly to each of the other State PTA's.

We appreciate this opportunity to present our views to you, and we ask that our written statement be submitted as part of the record of this hearing.

Senator **Inouye**. It will be.

Mrs. **Connelly**. Thank you. Because of our 20 years of combined experience with the DoDDS system, Karen and I feel well qualified to speak to you about our funding concerns.

While stateside schools have superintendents and boards of education to supervise their fiscal policies, you, the Members of Congress, are our support.

My experience includes 12 years as a DoDDS employee. I currently serve as an assistant principal at General H.H. Arnold High School in Wiesbaden, West Germany.

I have witnessed growth in the educational opportunities for students in a system which is competitive with many fine stateside school districts.

Mrs. Neher's two children have attended two elementary, two middle, and three different high schools in the DoDDS system over 8 years.

She has served actively in the PTA for 9 years, both stateside and in DoDDS and is currently a DoDDS employee, teaching half-time at Hahn High School in Germany.

We ask that you consider our testimony as you prepare the fiscal year 1991 DOD appropriations bill which includes funding for the DoDDS system. Our comments today will focus on DoDDS funding in three particular areas: staffing, construction, and the expected military drawdown.

STAFFING

The current civil service hiring freeze has directly affected the day-to-day operation of individual schools. Some school-level personnel such as teachers and principals have been exempted from the freeze, but above school-level positions such as superintendents and curriculum coordinators will be left unfilled.

Of immediate concern for the efficient operation of an individual school is the clerical support freeze. Although a 1-for-2 alternative for some positions is available where one military spouse can be hired for every two openings, 50 percent of these vacated positions will remain unfilled.

Unfortunately, last year DoDDS was also faced with personnel cuts. Many locations were forced to choose between filling clerical support or in-house maintenance staff positions.

A recent ECAPTS survey found that some schools have already sacrificed clerical support for maintenance positions to conduct upkeep and perform minor repairs.

At Halvorsen-Tunner School in Rhein Main, Germany, the deputy commander responded to increased requests for voluntary military support of school maintenance by saying in part, and I quote:

> Because many organizations are experiencing additional stress as a result of funding and manpower cutbacks, the school's solicitation of additional volunteers from active duty military to accomplish routine maintenance tasks is not being received favorable in the Rhein Main community.

I would add to this that the suggested use of volunteers to compensate for positions lost in the hiring freeze is not workable because of the varying requirements for confidentiality, training, and expertise that are needed to work in school situations.

At Hofenfels Elementary School in Bavaria parents are concerned that adequate staff are in place as bus and lunchroom monitors to ensure the safety of their children. A supervisor's position has been deleted at Grafenwoeher Elementary in Bavaria. Two positions were deleted at the American School in Aviano, Italy, and in Norway at Oslo Elementary, no staff will be replaced.

These are but a few examples of the current effects of the personnel cutbacks. We would like to stress that we are not requesting an increase in funds for new hires. We are simply asking that positions that have been vacated through PCS moves or other natural attrition be filled to assure proper management and smooth administration of our schools.

As long as there are students in a school building on a base or post, support staff will be needed. Students have to register, withdraw from classes, be counted, scheduled, supervised, and counseled.

For all of this, they need your continued support.

Mrs. Neher will present the remainder of the testimony.

Senator Inouye. May I ask a question at this stage?

Mrs. Connelly. Certainly.

Senator Inouye. There is a freeze, as you have noted, but service commanders can seek exemptions to it. Have they sought exemptions to it in your area?

Mrs. Connelly. To my knowledge, it is being handled on a case-by-case situation, so if a base or a post commander is seeking the exemption, it would be on a case-by-case situation.

I do not know of any at this point that have at least been brought to our attention as an organization.

Mrs. Neher. I think it was by request that the exemption was taken for the teachers, and also the 1-for-2 hiring on the clerical personnel that was a particular request. I know it was granted.

Senator Inouye. And they did not go beyond that?

Mrs. Neher. Not that I know of.

Senator Inouye. Mrs. Neher.

STATEMENT OF KAREN NEHER, PRESIDENT, EUROPEAN CONGRESS OF AMERICAN PARENTS, TEACHERS AND STUDENTS

CONSTRUCTION AND FACILITIES IMPROVEMENTS

Mrs. Neher. I will be talking first to the construction and facilities improvement. As do our stateside counterparts, DoDDS parents and teachers have serious concerns about the decaying infrastructure program of some of our schools' physical plants.

In responding to a systemwide survey conducted by DoDDS in May, the parents listed among their concerns a number of construction projects. Interestingly, many parents included kitchens and related meal preparation facilities in their list.

DoDDS has been responsive to this need. We understand that significant increases in the DOD budget have been proposed for construction of school meal facilities. While we appreciate these efforts, we are concerned about the rather ordinary decay which occurs as a natural result of age that has affected the quality of education we are providing at DoDDS facilities.

Because many schools believed they were going to receive new construction funds to rebuild their facilities, routine repairs, renovations, and other needed improvements and upgrades were delayed.

When plans for new construction were later abandoned, either due to a lack of funds or a shifting of priorities, the need for the repairs and renovations became even more acute.

The extent of the infrastructure problem is widespread. In Germany alone over 900 teachers do not have adequate work stations. Throughout the system, some classes meet in hallways, basements, Quonset huts, and even converted gymnasiums.

At Upper Heyford Elementary School in England, students are using old prisoner-of-war barracks, and in Geilenkirchen, West Germany, students are bused from school to an old base gym for physical education.

At AFCENT, an international school supported by the countries in NATO, parents are concerned that the United States will pull out funds already promised to the school. Many renovations or construction projects are in limbo, but students still attend the schools.

In cases where space is a problem, temporary classrooms are often erected. Unfortunately, however, some of these temporary units have been in use for 15 years or more.

In recent testimony before the House Armed Services Committee, Gen. John Galvin, Commander of Forces in Europe, cited some of these conditions and merely asked for average standard for facilities for DODDS students.

As long as there are students in a school building on a base or post they will need, and they deserve adequate space and safe and appropriate classroom environments. For all of this, they need your continued support.

DEFENSE DRAWDOWN

The expected defense drawdown: We are well aware of the dramatic geopolitical changes unfolding around the world. Indeed, living in Germany gives us a unique and rather personal perspective on the situation.

We understand as a result of the easing pressures between the East and the West that our military needs are changing. While we do not want to enter into a debate about whether defense spending should be cut or not or to what degree, neither do we want the children in DODDS schools to be lost to administrative or financial neglect.

We do want to call your attention to the fact that although DODDS is a relatively small element of the overall DOD budget, it is critically important. We can appreciate that the decisions to bring troops home from Europe or from other areas in the world will have an impact on the DODDS system, however, even if decisions are made to close or downscale bases, the actual implementation will take time.

In the meantime, we need to be sure that our children's education does not suffer. In order to ensure this, we ask that at least the current level of services continue. This includes replacing every school-level and above school-level civil service employee when vacancies occur. DODDS must continue the services now available for students in grades K through 12, including special education programs for children with handicaps and those who are gifted and talented, the athletic programs, the model United Nations programs and many others.

In fact, as shifts in troop placement occurs, some schools will experience considerable growth, at least for the short term. A short term, however, of 2 or 3 years in a child's education could have long-term ramifications.

We are concerned that without careful attention to the needs of DODDS students and schools this fact will be easily overlooked and the education of American children in overseas schools will be severely and adversely affected.

We ask Congress, which acts as the DODDS' school board, for assurance in making its DOD funding decisions that sufficient flexibility will be provided to DODDS to allow them to adjust to the changes and to ensure that adequate preparations are made during any drawdown at DoDDS facilities.

We ask that decisions be made at the local level, to the extent possible, so that the needs of the individual bases can be taken into account in the drawdown.

We know for example that the needs of a small school closing in Leipheim will differ from a large school downsizing in Frankfurt.

As the military force draws down, school enrollments will eventually decline; however, upheaval in the educational system must be kept to a minimum. A move toward a more democratic world should not have a negative effect on the children of the people who help to make it happen.

We owe no less to these children. Our concerns must be addressed in order to maintain a quality educational program for our students until the last school bell rings.

Again, we thank you for this opportunity to present our views. We would accept any questions at this time.

[The joint statement of Mrs. Connelly and Mrs. Neher follows:]

JOINT STATEMENT OF LINDA CONNELLY AND KAREN NEHER

Good Morning Mr. Chairman and other distinguished Members of the Subcommittee. My name is Linda Connelly. I am the Legislative Chairperson of the European Congress of American Parents, Teachers, and Students, an organization generally referred to by its acronym, ECAPTS. Karen Neher, the President of ECAPTS, is also here with me.

ECAPTS is a child advocacy group that is a self-governing member of the National PTA. The National PTA is a nonpartisan, nonprofit organization representing 6.6 million parents, teachers, students and other concerned citizens in each of the fifty states and the District of Columbia. The National PTA supports adequate federal funds for schools and community services in overseas areas where the U.S. maintains armed forces. This position underlies the National PTA's support for ECAPTS, the parents, teachers and students at schools overseas, which comprise the Department of Defense Dependent Schools—or "DODDS" system.

DODDS operates schools in five regions, covering Germany, the Atlantic, the Mediterranean, the Pacific, and Panama. On its own, ECAPTS represents 21,000 parents, teachers and students in local units in eight countries in Europe. On a broader scale, ECAPTS represents the 150,000 DODDS students worldwide where no formal PTAs exist. We elect officers and a board of directors, and in most ways operate similarly to each of the other state PTAs. We appreciate this opportunity to present our views to you, and we ask that our written statement be submitted as part of the record of this hearing.

Because of our twenty years of combined experience with the DODDS system, Karen and I feel well-qualified to speak to you about our funding concerns. While stateside schools have superintendents and boards of education to supervise their fiscal policies, you are our support. My experience includes 12 years as a DODDS employee. I have witnessed growth in the educational opportunities for students in a system which is competitive with many fine stateside school districts. Mrs. Neher's two children have attended two elementary, two middle, and three different high schools in the DODDS system over eight years. She has served actively in the PTA for nine years, both stateside and in DODDS, and is currently a DODDS employee, teaching half-time at Hahn High School in Germany. We ask that you consider our testimony as you prepare the fiscal year 1991 DOD appropriations bill, which includes funding for the DODDS system. Our comments today will focus on DODDS funding in three particular areas: staffing, construction and the expected military draw-down.

STAFFING

The current civil service hiring freeze has directly affected the day-to-day operation of individual schools. Some school-level personnel, such as teachers and principals, have been exempted from the freeze. But above-school-level positions, such as superintendents and curriculum coordinators will be left unfilled. Of immediate concern for the efficient operation of individual schools is the clerical support freeze. Although a "one-for-two" alternative for some positions is available where one military spouse can be hired for every two openings, 50 percent of these vacated positions remain unfilled. Unfortunately, last year DODDS was also faced with support personnel cuts. Many locations were forced to choose between filling clerical support or in-house maintenance staff positions. A recent ECAPTS survey found that some schools have already sacrificed clerical support for maintenance positions to conduct upkeep and perform minor repairs. At Halvorsen-Tunner School in Rhein Main, Germany, the Deputy commander responded to increased requests for voluntary military support of school maintenance by saying in part, "because many organizations are experiencing additional stress as a result of funding and manpower cutbacks * * * the school's solicitation of additional volunteers from the active duty military to accomplish routine maintenance tasks is not being received favorably in the Rhein Main community." I would add that the suggested use of volunteers to compensate for positions lost in the freeze is not workable because of the varying requirements for confidentiality, training, expertise that are needed to work in school situations.

At Hohenfels Elementary in Bavaria, parents are concerned that adequate staff are in place as bus and lunchroom monitors to ensure the safety of their children. A supervisor's position has been deleted at Grafenwoeher Elementary in Bavaria, two positions were deleted at the American School in Aviano, Italy, and in Norway, at Oslo Elementary School, no staff will be replaced. These are but a few of the examples of the current effects of the personnel cutbacks.

We would like to stress that we are not requesting an increase in funds for new hires. We are simply asking that positions that have been vacated, through PCS moves or other natural attrition, be filled to assure proper management and smooth administration of our schools. As long as there are students in a school building on a base or post, support staff will be needed. Students have to register, withdraw from classes, be counted, scheduled, supervised and counseled. For all of this they need your support.

CONSTRUCTION

As do our stateside counterparts, DODDS parents and teachers have serious concerns about the decaying infrastructure of our schools' physical plants. In responding to a system-wide survey recently conducted by DODDS, parents listed among their concerns a number of construction projects. Interestingly, many parents included kitchens and related meal-preparation facilities in their lists. DODDS has been responsive to this need; we understand that significant increases in the DOD budget have been proposed for construction of school meal facilities. While we appreciate these efforts, we are concerned about the rather ordinary decay, which occurs as a natural result of age, that has affected the quality of education we are providing at DODDS facilities.

Because many schools believed they were going to receive new construction funds to rebuild their facilities, routine repairs, renovations, and other needed improvements and upgrades were delayed. When plans for new construction were later abandoned, either due to lack of funds or a shifting of priorities, the need for the repairs and renovations became even more acute.

The extent of the infrastructure problem is widespread. In Germany alone, over 900 teachers do not have adequate work stations. Throughout the system, classes meet in hallways, basements, Quonset huts, and even converted gymnasiums. At Upper Heyford Elementary School in England, students are using old prisoner-of-war barracks, and in Geilenkirchen, West Germany students are bused from school to an old base gym for physical education. At AFCENT, an international school supported by the countries in NATO, parents are concerned that the United States will pull out funds already promised to the school.

Many major renovations or construction projects are in limbo but students still attend the schools. In cases where space is a problem, "temporary" classrooms are often erected. Unfortunately, however, some of these temporary units have been in use for fifteen years or more. In recent testimony before the House Armed Services committee, General John Galvin, commander of Forces in Europe, cited some of these conditions and merely asked for an "average standard" for facilities for DODDS students. As long as there are students in a school building on a base or post, they will need, and they deserve, adequate space, and safe and appropriate classroom environments. For all of this they need your support.

THE EXPECTED DEFENSE "DRAW-DOWN"

We are well-aware of the dramatic geo-political changes unfolding around the world. Indeed, living in Germany gives us a unique and rather personal perspective on the situation. We understand, as a result of the easing pressures between the East and the West, that our military needs are changing. While we do not want to enter into a debate about whether defense spending should be cut or not, or to what degree, neither do we want the children in DODDS schools to be lost to administrative or financial neglect.

We do want to call your attention to the fact, that, although DODDS is a relatively small element of the overall DOD budget, it is a critically important one. We can appreciate that decisions to bring troops home from Europe, or from other areas in the world, will have an impact on the DODDS system. However, even if decisions are made to close or down-scale bases, actual implementation will take time. In the meantime, we need to be sure that our children's education does not suffer. In order to ensure this we ask that, at least, the current level of services continues. This includes replacing every school-level and above-school-level civil service employee when vacancies occur. DODDS must continue the services now available for students in grades K through 12, including special education programs for children with handicaps and those who are gifted and talented, the athletic programs, the Model United Nations program, etc. In fact, as shifts in troop placement occur, some schools will experience considerable growth at least for the short term. A "short term" of two or three years in a child's education could have long-term ramifications. We are concerned that, without careful attention to the needs of DODDS students and schools, this fact will be easily overlooked and the education of American children in overseas schools will be severely and adversely affected.

We ask congress—which acts as DODDS' school board—for assurance, in making its DOD funding decisions, that sufficient flexibility will be provided to DODDS to allow them to adjust to the changes and to assure that adequate preparations are made during any draw-down at DODDS facilities. We ask that decisions be made at the local level, to the extent possible, so that the needs of the individual bases can be taken into account in the draw-down. We know, for example, that the needs of a small school closing in Leipheim will differ from a large school downsizing in Frankfurt.

As the military force draws down, school enrollments will decline. However, upheaval in the educational system must be kept to a minimum. A move toward a more democratic world should not have a negative effect on the children of the people who helped make it happen. We owe no less to these children. Our concerns must be addressed in order to maintain a quality educational program for our students until the last school bell rings.

Again, we thank you for this opportunity to present our views to you. At this time, we would be happy to answer any questions you may have

DEDICATED PERSONNEL ESSENTIAL

Senator INOUYE. The committee is very sensitive to the fact that it takes more than weapons systems to guarantee an adequate defense structure for this Nation because you need personnel to man these weapons systems. We are also aware that over half of our men and women in service have dependents, and if you cannot keep the dependents happy we will not have committed, dedicated, high moral personnel serving us. So your testimony is extremely important.

Do you find that graduates of DoDDS schools have equal access to colleges, equal in comparison with the American public school system?

Mrs. NEHER. Yes, sir; they try to. On the average, the placement into college classes and so on for continuing education is at least as good as if not better than some of the stateside school systems.

Senator INOUYE. So students in your system do not have trouble transferring to public school systems?

Mrs. NEHER. No, sir; not as a general rule. One of the things they have found is if a child for some reason must transfer, say, in their senior year of school, if for some reason they do not meet the criteria for graduation at the school they enter in the States, they will be allowed if they complete the DoDDS requirements, to graduate with a DoDDS high school diploma. That is in the case of a senior that is being transferred in that senior year, and many times that does occur.

Senator INOUYE. Mrs. Connelly, do you have a formal relationship, for example, with the Commander in Chief of the European Theater, General Galvin? Do you meet with him on a regular basis?

Mrs. CONNELLY. No, I do not. Our organization has been included, not on a permanent basis, but we have been included on the Advisory Council to Dependent Education [ACDE], and through that channel, Mrs. Neher, as president of the organization, would probably have more formal contact with the commanders than I would.

Senator INOUYE. How often do you meet with the commanding general of CINC?

Mrs. NEHER. I have not. I will be attending a ACDE visit to the Mediterranean region in April, but I have not had a chance to meet with General Galvin.

Senator INOUYE. Do the services request an input from you people on matters relating to education?

Mrs. NEHER. Yes, they do. There is an avenue. Each of the regions, ECAPTS, serve the Mediterranean, Atlantic, and the Germany region, and they do have military liaison-type committees that meet rather regularly. However, I have not been a part of that over this last year.

We have had an opportunity at times to help provide input for generals who may be coming back for testimony and so on, but not specifically General Galvin.

SCHOOL BUSES

Senator **Inouye**. This committee is deluged with reports of one sort or another, and we recently received one from the Inspector General on school buses, and reported that in the case of Europe, they had extremely large buses carrying small loads, 48 passenger buses carrying 5 or 6 students.

Is that common?

Mrs. **Neher**. Yes, sir; and I can talk to that rather personally. At the community that I live in, I believe our children come from a variety of approximately over 200 small villages in a 25-to 50-mile radius of the base.

Unfortunately—well not unfortunately, we enjoy it there, but it is a very rural community and we have limited access to buses of whatever size.

I think most of the time you would find 5 children on a 45-passenger bus is when a kindergarten session breaks at lunchtime and they have to take 5 children out to a small village at quite some distance.

There is also some regulation that requires that children do not ride on a bus more than an hour so that sometimes requires that small amounts of children are on large buses just to be able to meet those criteria.

Senator **Inouye**. So it is not too cost effective, is it?

Mrs. **Neher**. No, it is not, unfortunately, but also it is sometimes unpreventable.

CONFIDENTIALILTY

Senator **Inouye**. You mentioned confidentiality. You say that clerical positions cannot be filled by volunteers because of requirements of confidentiality. What do you mean by this?

Mrs. **Neher**. Well, you would have to have access. If you have access to personnel files of the children, there are some requirements I believe for, you know, not necessarily top secret clearance, but a guarantee that the children's records will not be observed by anyone other than the correct people and employees specifically.

Mrs. **Connelly**. I think a concern along those same lines, on the situation that was mentioned, a request was made of the base commander to bring volunteers, drafted volunteers if we could put it that way, from active duty military into the school, and quite often, because a person might be forced to be there, and might not have had a briefing, say, on confidentiality concerning school record and a school record may contain everything from information on child abuse to a possible handicap to an IQ score, that this could bring in problems.

Senator **Inouye**. Are those files under lock?

Mrs. **Connelly**. Yes; they certainly are.

Senator **Inouye**. Then can you not then limit the volunteers to those files without locks?

Mrs. **Connelly**. I suppose that would be an answer, but again, using the office that I deal with on a day-to-day basis, much of the work in that particular office, a registrar, counseling situation, much of the work would contain or be pertinent to filing.

Senator **Inouye**. Do you find that the pay for teachers is sufficiently adequate so that you can recruit good, qualified teachers?

Mrs. **Connelly**. I would say that we have, comparatively to most stateside school districts, our teachers are better qualified. On the average, well over 50 percent have achieved at least a master's degree, and I think if you went, particularly in smaller or rural States, you would find that that would not be the norm.

Senator **Inouye**. Fifty percent, that is impressive. I do not think you will find that in any public school system.

Well, we will do our best to assist you, especially in these difficult times, and please go back and tell members of your PTA that we are not insensitive to your needs, and I thank you for traveling this long distance to be with us.

I realize this is your first time as a witness before this committee. I would like to tell you that it has been impressive and most helpful.

Mrs. **Connelly**. Thank you very much.

Senator **Inouye**. Thank you very much.

Now it is my great pleasure to call upon Maj. Gen. Girard Seitter III, Commanding General of the Tripler Army Medical Center in Honolulu.

General, I am sorry I kept you here waiting this long, but it is nonetheless good to see you, sir.

We have received your full statement. It is made part of the record and you may proceed as you wish.

STATEMENT OF MAJ. GEN. GIRARD SEITTER III, COMMANDING GENERAL, TRIPLER ARMY MEDICAL CENTER, DEPARTMENT OF THE ARMY

General **Seitter** Mr. Chairman, members of the committee, I am Maj. Gen. Girard Seitter III, Commander of Tripler Army Medical Center, and Surgeon, U.S. Army Western Command, Honolulu, Hawaii.

It is indeed an honor to again appear before you, and I thank you for this opportunity.

MEDICAL READINESS

Today I will briefly discuss improving medical readiness with emphasis on the Pacific and update some of those issues we discussed last year.

Army Medical Department readiness has increased dramatically in the last few years. Some examples include but are not limited to: total medical force remodernization under the concept of Medical Force 2000; Health Services Command, medical mobilization and readiness exercises, where, for the first time, personnel at medical centers are mustered, mobilized, and deployed to distant sites without warning; the fielding or programmed fielding of deployable medical system sets in the theater, which includes Korea, Japan, and Hawaii, an increasing role for Tripler in humanitarian assistance and other civic actions under the CINCPAC and CG, WESTPAC Expanded Relations Program for Pacific rim nations; an active health risk appraisal program designed to enhance the health and fitness of individual soldiers of the 25th Infantry Division; the development of a Tripler Light Surgical Unit Deployable in support of the 25th Infantry Division; the establishment and exercise of a Tripler emergency medical team in support of Johnston Atoll and the Johnston Atoll chemical agent demilitarization system [JACADS]; the establishment and upgrading of Tripler's highly responsive professional officer filler system, better known as PROFIS, in support of the 25th Infantry Division; and finally, sir, the development of a medical command and control organization in support of the Army reorganization effort in the Pacific, to be known as USARPAC, U.S. Army Pacific Command. All have or will contribute significantly to improved readiness.

Mr. Chairman, I pause here with your permission to say that I believe that we can all be proud of our military medical personnel, not limited to just the Army, but including Air Force and Navy in their very rapid, loyal, efficient response to our Nation's call recently in terms of national disasters and military actions.

I speak of those medical soldiers of the burn unit at Brooke Army Medical Center who responded so well, so quickly to the railroad crisis in Ufa, Russia, where a terrible disaster occurred with the crash of railroad trains. I am thinking of the earthquake disaster in the San Francisco Bay area, where medical personnel from the Navy hospital in Oakland and from the Letterman Army Medical Center responded so well. I am thinking of Hurricane Hugo on the east coast. And of Tripler's 30 people who mobilized and stood prepared with the 25th Infantry Division to respond if called upon, to the recent Philippine insurrection. And, of course, I am thinking of Operation Just Cause in Panama, where our medical soldiers on the ground, as well as those in the continental United States, especially at Brooke Army Medical Center and at Wilford Hall Air Force Medical Center, responded so well—often quietly, often unsung, but so well.

GRADUATE MEDICAL EDUCATION

Mr. Chairman, as I testified last year, graduate medical education is the instrument through which our medical center has become institutions of learning and knowledge, providing ideas and trained people upon whom the rest of the system depends for growth.

These graduate medical education programs also play a major role in the recruitment and retention of physicians. Tripler's graduate medical education programs remain strong and productive. There are 193 people involved in graduate education at our medical center, including 50 interns, 122 residents, and 8 fellows.

The board certification pass rates in each of our residency programs is nearly 100 percent. Most individuals score well above the 90th percentile.

Academic affiliations are a critical requirement of all graduate medical education accrediting bodies. For this reason, each of our

Army medical centers is located in close proximity to civilian universities. Of course, in our case it is the University of Hawaii, located just a few miles away.

Throughout the past year, students from the John A. Burns School of Medicine, as well as students in nursing, social work, psychology, dietetics, and physiology have used Tripler for over 300 training rotations for periods up to 6 months. Students from other local and mainland educational institutions also received training at Tripler.

RECRUITMENT

Improved access to care, together with the highest quality of care, containing CHAMPUS costs, innovative management, and recruiting and retaining the best health care staff remain the focus of Army peacetime medicine.

Using the Army Medical Enhancement Program and other sources, Tripler added 124 civilian personnel during the last fiscal year, and we added 53 additional personnel during the first quarter of this year prior to the hiring freeze.

Most of these are ancillary support personnel who play a major role in the job satisfaction and retention of other health professionals, while improving overall productivity.

Tripler's workload continues to rise, with January 1990 setting a new high. The primary obstacle to increased access remains staffing, with the single most critical shortage being nurses.

We, and indeed the Army Medical Department, are in competition with the entire health care industry for acutely scarce nurses and allied health professionals.

At Tripler, an incentive pay package, direct hire authority and personal recruiting efforts by our own nurses have reduced our shortfall, but only slightly. As you know, our recruiting pool is on the mainland. These gains are fragile, however, and any artificial obstacle to hiring authority can quickly reverse them.

Your continued support in this area is essential to maintain the viability of the current military health care system, not only at Tripler, but throughout the world.

The Army Medical Department delivers full value for investments in its direct care system by consistently providing care less expensively than CHAMPUS. Central to this is our higher headquarters, the U.S. Army Health Services Command, the overall manager of the most cost-effective system in the Department of Defense.

When staffing shortfalls cause under-utilization of our medical treatment facilities, patients are referred to the civilian sector. Not only is this alternative more costly; it is less acceptable to our beneficiaries.

Mr. Chairman, we know that CHAMPUS is an important and integral part of our system, and we are trying to recapture the CHAMPUS workload and fully utilize all of our medical treatment facilities.

Senator INOUYE. It is cheaper that way, is it not?

General SEITTER Yes, sir; indeed it is.

Initiatives which increase access to the direct health care system allow us to recapture workload from the CHAMPUS program, resulting in high quality care provided at less cost to the Federal Government for more beneficiaries.

Again, however, actions which limit our ability to increase access, especially those affecting staffing, have a severe impact on the quantity and quality of care available, satisfaction of our patients and cost to the government.

Such actions also have a negative impact on physician retention. As you are very well aware, recent studies confirm that excessive administrative duties, inadequate administrative, and clinical support and a perception of declining or inadequate resources are the major complaints of those physicians leaving the military service.

Mr. Chairman, I am happy to report to you that as a result of your support, Tripler has one of the finest physical plants of any medical facility in the world. Our 9-year construction and renovation project will end this summer. That may be delayed a little, but it is programmed to end this summer. Work has already begun to repaint Tripler's rose coral exterior as one of the final steps in the project.

For this, as well as your support for our nursing study, and making it possible for selected Pacific islanders to receive care at Tripler, we express our deepest appreciation and gratitude to you.

And here, sir, I will parenthetically also express our gratitude to Mr. Pat DeLeon and Ms. Jane McMullan of your staff for keeping faith and a close liaison with Tripler and those issues of the Pacific.

The Army Medical Department is proud of its accomplishments during the past year and remains committed to providing quality patient care to all beneficiaries.

Tripler's Army Medical Center's goals are to be a strong, efficient producer of high-quality health care with the best academic programs in the Nation, to enhance our reputation as a good neighbor in the local community and to develop our role as the cornerstone of Pacific medical operations. We stand proudly with the rest of the Army Medical Department in meeting the challenges we face.

With your continued assistance and support, we will indeed succeed.

PREPARED STATEMENT

Mr. Chairman, this concludes my oral statement. I have submitted a more detailed report for the record, and I will now be happy to answer any of your questions.

[The statement follows:]

STATEMENT OF MAJ. GEN. GIRARD SEITTER III

Mr. Chairman and members of the committee, I am Major General Girard Seitter III, Commander of Tripler Army Medical Center, and Surgeon, U.S. Army Western Command, Honolulu, Hawaii. It is an honor to again appear before you and I thank you for this opportunity. Last year I discussed the role of medical centers, Graduate Medical Education (GME) programs, and certain Army Medical Department (AMEDD) initiatives and their impact at Tripler. Today I will discuss improving medical readiness in the Pacific, and update those issues we discussed last year.

MEDICAL READINESS

Medical Force 2000 (MF2K) is the AMEDD's new support concept and modernization effort. It focuses on returning soldiers to duty as quickly as possible, increased intensive care in the combat zone, and enhanced surgical care far forward. The Deployable Medical System (DEPMEDS) supports this concept with state-of-the-art hospital equipment. In the Pacific we have successfully accelerated the modernization of older hospital sets stored in Japan, and will replace them with 1,000-bed DEPMEDS general hospital sets. We are also working with the Defense Logistics Agency to establish a primary mobilization site in Hawaii to store DEPMEDS hospital sets for units selected to deploy to the Pacific.

Tripler contributes to Pacific Command's main peacetime strategy, The Expanded Relations Program (ERP), by providing medical personnel for humanitarian assistance and other civil action missions throughout the region. Recently several of our staff visited the Maldives where they provided extensive pediatric care working with local health officials.

Tripler's Emergency Medical Team (EMT) provides rapid medical support to disaster stricken areas throughout the Mid-Pacific Medical Region. Locally designed, it responds to conventional, chemical, and radiological situations and has as a primary mission support to the US Army Chemical Activity, Johnston Island. This unit was recently alerted for a mission to Western and American Samoa after Hurricane Ofa.

Reserve medical units from CONUS conduct their summer active duty training at Tripler. These two-week training periods enhance the readiness of Tripler as well as the Reserve unit. The proposed renovation of E-Wing includes space for the billeting and administration of these units, a feature which will allow us to accommodate many more Reserve units throughout the year.

Additionally, the Tripler U.S. Army Reserve Hospital (TUHA) provides direct augmentation to Tripler upon mobilization. Locally recruited, this 165-member Reserve unit performs its training with the Tripler staff.

Thirty of Tripler's medical personnel are identified to augment the 25th Infantry Division (Light) as the Professional Officer Filler System (PROFIS). These personnel regularly undergo rigorous training with the Division; several members recently joined the Division, ready to respond to an incident in the Philippines.

Combat readiness of 25th Infantry Division (Light) soldiers is improved by Tripler's efforts in the Health Risk Appraisal program. Combined with our new Mobile Occupational Health vehicle, a program is now available to assist soldiers in assessing their lifestyle and its impact on physical and emotional well-being. We then focus on modifying that lifestyle to maximize conditioning and reduce dependence upon the health care system. A healthy soldier is a fit and ready soldier.

GRADUATE MEDICAL EDUCATION

Graduate medical education (GME) is the instrument through which our medical centers become institutions of learning and knowledge, providing new ideas and trained people upon whom the rest of the system depends for growth. These GME programs also play a major role in the recruitment and retention of physicians.

Academic affiliations are a critical requirement of all GME accrediting bodies. They are essential to the continued advancement of medical knowledge, and the provision of the highest level of patient care. For this reason each medical center is located in proximity to civilian universities, in our case to the University of Hawaii, only a few miles away.

Tripler's GME programs remain strong and productive. There are 193 people engaged in graduate education at our medical center, including 50 interns, 122 residents, and 8 fellows. Our Urology program was number one academically in the United States based on the Board scores of the finishing chief resident. The pass rate for board certification in each of our residency programs is nearly 100%; most individuals score well above the 90th percentile.

During 1989, over 200 clinical clerks from civilian institutions trained at Tripler. Throughout the year University of Hawaii John A. Burns School of Medicine students and residents, as well as students in Nursing, Social Work, Psychology, Dietetics, and Physiology used Tripler for over 300 training rotations of periods up to six months. Students from other local and mainland educational institutions also received training at Tripler. Many Tripler physicians are associate professors at the University of Hawaii, and occupy leadership positions in local professional organizations.

IMPROVED ACCESS TO CARE

A major goal of the Army health care system, and our biggest challenge at Tripler, is to improve access to care. Using the Army Medical Enhancement Program (AMEP) and other resources, we added 124 civilian personnel during fiscal year 1989, and have added 53 more during the first quarter of fiscal year 1990. Most of these are ancillary support personnel who play a major role in the job satisfaction and retention of other health professionals while improving overall productivity. Tripler's workload, as well as that of Health Services command, continues to rise, with January 1990 setting a new high.

Patients are receiving more nursing care under an ongoing major management study at Tripler. This study is adding ancillary support to the wards, freeing nurses for greater direct patient care.

Tripler's involvement with the CHAMPUS Reform Initiative (CRI) has successfully improved access to quality care while containing CHAMPUS costs. Over 6200 people are presently enrolled in the CHAMPUS Prime option of CRI, and substantial amounts have been realized in cost avoidance savings at Tripler system wide. Using the Resource Sharing provision, the contractor has added physicians, social workers, anesthetists and nurses to our staff, all reimbursed by the contractor. Many more agreements are being negotiated.

This summer Tripler will acquire both a Magnetic Resonance Imaging unit and a Linear Accelerator. Representing the leading edge of medical technology, these instruments will greatly reduce the costs presently incurred to obtain such services from civilian hospitals as well as increase our capacity to treat patients.

During 1989 our Orthopedic Surgery Service reduced its operative backlog from 653 to 286 patients. This included a reduction of our active duty patient backlog from 532 to 210. We accomplished this by increased staffing, creative use of Army Reserve assets, obtaining surgeons from other medical centers on a temporary duty basis, hiring civilian physicians by combining Army funds with funds from the other military services, and innovative surgical programs which extended operating room hours into the night.

Patients have been selected and travel details are being finalized which will allow Tripler to provide additional humanitarian assistance to the former Trust Territories.

Mr. Chairman, I am happy to report to you that as a result of your support Tripler has one of the finest physical plants of any medical facility in the world. Our nine year construction/renovation project will end this summer, and work has already begun to repaint Tripler's rose coral exterior as one of the final steps in the project. For this, as well as your support for our Nursing Study and making it possible for more Pacific Islanders to receive care at Tripler, we express our deepest appreciation.

The primary obstacle to increased access remains staffing, with the single most critical shortage being nurses. We, and indeed the Army Medical Department, are in competition with the entire health care industry for acutely scarce nurse and allied health professionals. The Army is very limited in its ability to match the civilian sector's flexibility and speed in tailoring competitive salary and benefit packages for these personnel. At Tripler an incentive pay package, direct hire authority and personal recruitment efforts by Tripler nurses have reduced the shortfall. These gains are fragile, however, and any artificial obstacle to hiring authority can quickly reverse them. We remain noncompetitive for licensed practical nurses (LPN) due to pay. Your continued support in this area is essential to maintain the viability of the current military health care system.

INVESTMENT IN THE DIRECT CARE SYSTEM

The Army Medical Department delivers full value for investments in the direct care system by consistently providing care less expensively than CHAMPUS. Staffing shortfalls cause us to underutilize our medical treatment facilities, and when this happens patients are referred to the civilian sector. Not only is this alternative much more costly, it is less acceptable to our beneficiaries.

Initiatives which increase access to the direct care system allow us to recapture workload from the CHAMPUS program. These initiatives are enhanced by effective arrangements to control the movement of workload from Army hospitals to CHAMPUS. The result is high quality care provided at less cost to the federal government for more beneficiaries. Conversely, outside actions which limit our ability to increase access, especially those affecting staffing, have a severe impact on the quantity and quality of care available, satisfaction of our patients, and cost to the government.

Such actions also have a negative impact on physician retention. Recent studies confirm that excessive administrative duties, inadequate administrative and clinical support, and a perception of declining or inadequate resources are major complaints of physicians leaving the military.

INNOVATIVE MANAGEMENT

Innovation remains the byword for the manner in which Army peacetime medicine is managed. U. S. Army Health Services Command (HSC) our higher headquarters and the overall manager of the finest, most cost effective health care system in DOD, recently won a national award for its promotion of innovative management practices; one of our staff officers was recognized for Tripler's role in qualifying HSC for that national honor.

Tripler's success as a primary test site for the composite Health Care System (CHCS) is our number one project; it directly supports patient care. CHCS is a comprehensive, automated, medical information system which will integrate clinical and administrative support. More importantly, CHCS will link the Army, Navy, and Air Force medical clinics with the medical center to provide for integrated medical support throughout the island. Its successful implementation will put DOD medical departments at the leading edge of hospital information management and promises great dividends in increased efficiency and effectively managed care. An important decision milestone will occur in October 1990 when DOD and Congress will decide whether to extend the CHCS project to other military hospitals. We urge your continued support for this extremely important system. We are very pleased with it.

DOD-DOVA SHARING

Cooperative ventures to share health resources and capabilities in Department of Veteran Affairs (DOVA) and AMEDD facilities are being actively pursued. These mutually beneficial arrangements allow both systems to expand service availability while promoting cost containment.

I am pleased to report that we recently held the second Tripler—DOVA Open House, at which time the Director of the local DOVA Outpatient Clinic and I formally signed our latest sharing agreement. This agreement represents what I consider a model relationship between two major health delivery systems and focuses directly on what is best for our veterans. It also represents another advancement of a relationship we have had with the local DOVA for nearly sixty years. During the last year 156 more veterans were hospitalized at Tripler than in 1987, and our daily census of veteran patients continues to grow. During this same period total bed days dropped by 1,926, a product of our increased effort to provide quality care efficiently. The result is increased access for veterans at a reduced cost for the Department of Veteran Affairs.

I am also happy to tell you that Tripler recently had the pleasure of hosting the Secretary of the Department of Veteran Affairs, The Honorable Edward J. Derwinski. His decision on the size, configuration, and location of a DOVA hospital in Hawaii is expected this summer.

CONCLUSION

The Army Medical Department is proud of its accomplishments during the past year and remains committed to providing quality patient care to all beneficiaries. Tripler Army Medical Center's goals are to be a strong, efficient producer of high quality health care with the best academic programs in the nation, to enhance our reputation as a good neighbor in the local community, and to develop our role as the cornerstone of Pacific medical operations. We stand proudly with the rest of the Army Medical Department in meeting the challenges we face. With your continued assistance and support we will succeed.

Mr. Chairman, this concludes my prepared statement. I will be happy to answer any of your questions.

PERSONNEL

Senator INOUYE. Thank you very much, General Seitter, and may I just say at the outset that all of us here are very proud of the hospital that you are running in Hawaii.

In your statement you refer to the nurse productivity study. How is it coming along?

General Seitter Sir, it is proceeding but behind schedule. The hiring freeze has caused a temporary slowdown in our program.

Senator Inouye. This one, you have to obligate the funds by September of this year?

General Seitter That is correct, sir, and we now have the authority to do that. We have hired 33 people out of the 107 proposed in that study. As you know, they are personnel who will relieve our nurses of clerical duties, escorting duties, custodial requirements, and managing our food service, duties which a nurse is not and should not be required to perform.

Senator Inouye. Something a physician should not be required to do also.

General Seitter That is correct, yes, sir. We have brought in some consultants to help us get the program started. With your support and with the fenced $1.6 million appropriated for this program, we hope to have an objective and a meaningful pre-and post-study report for you.

Unfortunately, our experience will probably only allow us to report on 6 months of the program, rather than the entire year, because of the hiring freeze.

Senator Inouye. Will you be requesting additional funds for fiscal year 1991?

General Seitter Sir, at this point, we perhaps will do that. I hesitate because I certainly do not want to ask for anything more than is necessary, and we want to maintain our credibility but it may come to that.

Senator Inouye. Now you also mentioned the patients from the Trust Islands. How many patients have we treated under the $500,000 program?

General Seitter Sir, with the appropriation of the $500,000, plans went into effect to accommodate selected patients from the Pacific Islands.

The Secretary of the Army was given the authority to approve medical care for those patients. That authority was just received at Tripler on March 20, 1990. I believe the message, granting this authority was given on February 19. So we are now in the process of selecting those patients and transporting them to Tripler for the required care.

CHILD ABUSE

Senator Inouye. As you know, Tripler was selected by DOD for its child abuse initiative. How is this project progressing?

General Seitter Sir, at this point in time it is still in the planning phase. We do not have, to the best of my knowledge, the authority to continue with that. We are in the planning stage, so that we will implement it in the very near future. It has not been implemented yet.

My understanding, Mr. Chairman, is that this is a DOD directed and initiated study and we are waiting for further guidance from the Department of Defense.

Senator Inouye. We just wanted to know how it is working, because it was in the Assistant Secretary's Office at one time, and they wanted to send it out in the field.

RELATIONSHIP WITH UNIVERSITY OF HAWAII

Are you satisfied that you have a good working relationship with the University of Hawaii, John A. Burns School of Medicine?

General **SEITTER** Yes, sir; I believe that our training programs are as good as any. I believe that our reciprocal relationship is excellent. I have been invited to sit on some committees, relative to the university. The president has invited me to sit, specifically as a subcommittee member of the search committee for the new dean of the medical school.

Senator **INOUYE**. Do you have any formal relationship with the school of nursing at the university?

General **SEITTER** Sir, we have some rotations. The answer to your question is yes, we have some rotations, but I cannot recall the exact number. I can provide that for the record.

[The information follows:]

TRAINING, RECRUITMENT, AND RETENTION OF NURSES

Tripler has a unique and positive relationship with the University of Hawaii School of Nursing, a National League of Nursing accredited institution. The affiliation is long-standing and allows for approximately 125 University of Hawaii students a year to practice and perfect their nursing skills in the nurturing environment of Tripler. In Fiscal Year 1989 student nurses spent over 4000 clinical hours at Tripler on medical, surgical, critical care, psychiatric, and maternal-child units. These students found an abundance of experiences in all clinical specialties. Tripler's patient mix is varied and its patient population is multicultural.

The University of Hawaii is currently searching nationally for a qualified, visionary Dean to lead the School of Nursing. With this leadership the Tripler-University of Hawaii School of Nursing relationship can only improve, making it one of the very best education-service liaisons in the country.

Senator **INOUYE**. Last year you were very enthusiastic about this composite health care system. How is it coming along?

General **SEITTER** Sir, we are progressing rapidly and my enthusiasm has not decreased. The composite health care system has progressed significantly at Tripler.

When I spoke to you last year we had only one function operational and that was pharmacy. As I report today, I can tell you that not only is pharmacy operational, but so is the department of radiology, the laboratory, patient admission and disposition, as well as patient scheduling, and most significantly, Mr. Chairman, a function which we call order entry, which is the heart of the system where doctors on the ward or in their clinics type out in the system their orders, and the other functions respond to those orders.

I am happy to tell you that Tripler has been nominated to be the lead medical center in the Department of Defense to take us to Milestone II.

Milestone II, Mr. Chairman, is a very important milestone and date, October 31, 1990, of which the Department of Defense and Congress will decide, based upon those of us who are testing the composite health care system, whether or not to proliferate the system beyond the present 14 sites.

I am happy to tell you that Tripler was selected to be the lead medical center for that. We are energetic; we are enthusiastic; we see great things in the system. It is a living system in the sense that shortfalls that are recognized are changed, are modified, are corrected. And I am happy and proud to report to you that, once again, Tripler is on the leading edge of technology in the field.

Senator **Inouye**. I congratulate you, sir.

Tripler was the first departmental site for testing out the establishment of independent optometry services. It is the committee's understanding that this administrative structure worked well and as we heard last year from the chief Army optometrist, it has had a very positive effect upon the moral of optometrists, and I want to congratulate you on that also.

Do you agree that it is working out well?

General **Seitter** Sir, I certainly do. I will not tell you that there have not been some difficulties and there have been some arguments on both sides, but as recently as yesterday I spoke with the Surgeon General regarding the issue. The pilot study at Tripler was so successful that he has directed the other eight medical centers in the Army to establish and to operate the system based on Tripler's model.

UNIFORMED SERVICES UNIVERSITY

Senator **Inouye**. Do you have any formal relationship with the Uniformed Services University?

General **Seitter** We do, sir. We receive their students. The Uniformed Services University provides, I believe, approximately 150 students each year for rotations through our clinical services and we are very happy to have them.

These are young medical personnel, who by virtue of their medical school curriculum, come to us with an understanding and a feeling for the military as well as their medical profession.

VETERANS ADMINISTRATION

Senator **Inouye**. As you are well aware, Hawaii and Alaska are the only two States with an unusual relationship with the Veterans Administration. Since we do not have a VA facility, we have been working through Tripler and on behalf of the veterans, I thank you for the services provided us all these years.

Now it appears that we will be establishing a VA facility in Hawaii. Do you have any recommendations regarding this proposed VA facility, where it should be located and what types of patients it should serve?

General **Seitter** Sir, in January of this year, the Honorable Edwin Derwinski, the Secretary of the Department of Veterans Affairs, visited Tripler. I will share with you those things we discussed and those comments I made to him.

Tripler Army Medical Center has made a very profound effort to improve and enhance the relationships between the veterans and our staff. As you are well aware, some perceived poor relationships were brought forth in a field hearing sponsored by Senator Matsunaga a few years ago.

I believe I can document the fact that the situation has improved, and that, in fact, those relationships have improved.

Mr. Chairman, it is my opinion, and this is just my opinion, but it is corroborated by many of the civilian medical authorities in the islands, that there is a plethora of beds and hospitals in Oahu.

There is also an abundance of physicians. The specialty mix is not always correct or ideal, but there is a general abundance of physicians, and a shortfall, as the rest of the Nation is experiencing, in nurses.

That is not a good formula for establishing another acute hospital. It is my opinion that what is needed on the island is a long-term care facility, not another small, short-term acute facility.

I believe the Veterans Administration will not be able to justify a hospital of the magnitude which could take care of all of their patients such as Tripler or Queens Medical Center.

Therefore, the veterans will always be dependent upon either Queens or a similar hospital, or Tripler. Tripler can provide care to the veterans at approximately half the fee charged by Queens. It makes good sense, Mr. Chairman, that the relationship between Tripler and the veterans continue.

We have identified 12 acres of ground on the Tripler site that has been approved by the commander of WESTCOM, Army Western Command, to give to the veterans for the construction of a veterans' hospital.

Mr. Derwinski saw that site, has taken that information back—and incidentally, I do not think he would mind my attributing this comment to him, he did tell me that they were looking seriously at a long-term hospital rather than emphasizing a small community-type hospital for acute diseases.

Senator INOUYE. And it will be near the Tripler facility?

General SEITTER Yes, sir, within a half mile from the present Tripler facility, to the right and down the hill. The site will require some preparation. It is somewhat of a hill, but then Tripler sits on a hill. And it is between the present Tripler facility and the new Kaiser-Permanente Hospital, but it is on Tripler's ground and it is 12 acres.

Senator INOUYE. So that would make services in your facility available to this new VA facility?

General SEITTER Mr. Chairman, that is key and essential, that is absolutely imperative because if the veterans construct either an acute hospital or a long-term tertiary hospital, they will not have those subspecialties, the sophisticated equipment, and capabilities that Tripler has and which are required by the veterans.

So it behooves them to be physically closely associated with that medical center which can provide those benefits at the least cost and with the best quality care. We think Tripler is that organization.

ADDITIONAL COMMITTEE QUESTIONS

Senator INOUYE. Well, General Seitter, it has been a long day, and I thank you for traveling this long distance to be with us, and to share your thoughts with us. We have many questions we would like to submit to you.

If you would look them over and respond, I would appreciate it very much.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED TO MAJ. GEN. SEITTER BY SENATOR INOUYE

ESTABLISHMENT OF FEDERAL NURSING SCHOOL

QUESTION. What are your views on the possible establishment of a federal nursing school? As you may be aware, the Committee has requested reports from both the Department and the General Accounting Office. I expect that we will eventually decide to establish such a program.

Would Tripler be interested in participating -- given the extent to which the Services need a Pacific Basin and Southeast Asia focus, I could see why this might be especially appropriate.

Further, given our experiences with the Uniformed Services University of the Health Sciences, would you recommend the establishment of a federal nursing school within the Department of Defense, such as at Tripler or the Uniformed Services University of the Health Sciences or in the private sector?

ANSWER. The requirement for a federal nursing school needs to be determined. In my personal opinion the nursing community definitely needs a federal nursing school. The establishment of such a school would offer the nation not only quality nurses, but individuals committed to federal service.

There is currently a feasibility study being conducted by the Military Nurse Corps Chiefs. If the outcome of that study should recommend Tripler as the site for the nursing school, this would be met with enthusiasm. There is currently a clinical affiliation agreement between Tripler and the University of Hawaii School of Nursing, an NLN accredited school. Tripler offers an abundance of clinical experiences due to the diverse patient mix and multicultural population served. Available clinical specialty areas include medicine, surgery, critical care, psychiatry, maternal-child, pediatric and emergency nursing. To serve as professional role models there are at least 25 staff members (a minimum of 10% of the staff) who possess a Master of Science in Nursing degree. At least another thirty nurses have attained a Master's degree in a related field. High standards of professional nursing are exemplified by professional organization certification of over 35 nurses, participation in a variety of professional organizations by over 75 of the nursing staff (often in leadership possessions), and participation in continuing education with the offering of over 400 contact hours in Fiscal Year 1989.

Tripler is also an ideal location for a federal nursing school in that it operates in the joint military arena of the Pacific Command with all services strongly represented.

PRESCRIPTION OF PSYCHOTROPIC DRUGS BY PSYCHOLOGISTS

QUESTION. Last year, the Committee directed the Army and the Office of the Assistant Secretary of Defense for Health Affairs to initiate a pilot training project under which clinical psychologists would be authorized to prescribe certain psychoactive medications. The Committee understands that Tripler has an excellent psychology training program and will soon have a formal psychology internship program.

What relations have evolved between Tripler and the various psychology training programs in Hawaii?

What role do you foresee Tripler having with the forthcoming psychological prescription training project?

ANSWER. Practicum training agreements currently exist between the Psychology Departments of Chaminade University, the University of Hawaii at Manoa, and the Forest Institute of Professional Psychology. Presently two graduate students are in training from the Forest Institute and one from the University of Hawaii.

The issue of psychology medication is being developed by the Army Surgeon General's psychology and psychiatry consultants, working with a panel of experts. Proposals for a training program agreed upon by them is being submitted to the Assistant Secretary of Defense for Health Affairs and officials of the Uniformed Services University of the Health Sciences (USUHS). I understand that a formal training program will be accomplished under the auspices of USUHS, Walter Reed Army Medical Center, and Bethesda Navy Hospital. The Army Surgeon General will direct the extent of Tripler's participation in the program.

MEDICAL EDUCATION

QUESTION. What are your plans for expansion of medical education at Tripler?

ANSWER. Tripler Army Medical Center is applying for establishment of a Family Residency Practice Program. Planned startup is July 1991 with six residents at each year level. This program has the full support of the Army Surgeon General.

Tripler will begin training psychology interns in a one year program starting in July 1990. We have adequate space, staff and funding for this program.

We are in the planning stages of expanding our social work practicum in affiliation with the University of Hawaii and Brigham Young University, Hawaii.

Our radiology residency training program has applied for expansion in the number of residents it trains. We wish to expand from four to six each year.

The Department of Psychiatry is in the preliminary stages of discussion with local Department of Veterans Affairs officials concerning the establishment of a joint geriatric psychiatry fellowship program.

CHANGES IN THE MISSION OF THE AMEDD DUE TO QUICKSILVER

QUESTIONS. As the Armed Forces shrink in size, do you see decrements or changes in the mission of the Army Medical Department?

ANSWER. The mission of the Army Medical Department (AMEDD) is to take care of the soldier and his or her extended family in peace and war. Clearly there will be no change in that mission in the foreseeable future.

As the size of the Army decreases so will AMEDD workload, but not proportionately. Army cuts may come primarily at each end of the career spectrum - accessions and early retirements. The latter group will continue to be eligible for care, along with all CHAMPUS beneficiaries.

Further, it is a goal of the AMEDD to recapture CHAMPUS workload into our less expensive direct care system. Approximately 30% of current workload is accomplished by CHAMPUS. Any AMEDD manpower reductions must be balanced with remaining workload so that less, rather than more, patients are sent to the CHAMPUS program. To do otherwise would result in increased costs to the government.

THE HIRING FREEZE AND CARE IN MILITARY TREATMENT FACILITIES

QUESTION. Has the civilian hiring freeze affected the operation of our Medical Treatment Facilities?

ANSWER. Medical care is labor intensive and actions which limit the ability to staff our Medical Treatment Facilities (MTF) have a severe impact on the quality of care available, satisfaction of our patients, and cost to the government. The Army Medical Department is in competition with the entire health care industry for acutely scarce health professionals. Staffing, particularly of nurses, is the primary obstacle to increased access to the direct care system. The AMEDD is very limited in its ability to match the civilian sector's flexibility and speed in tailoring competitive salary and benefit packages for personnel. Any gains made in staffing are fragile, and can be quickly reversed by artificial obstacles to hiring authority.

The most immediate impacts of a hiring freeze are perhaps not very visible - a loss of confidence by our patients and staff that progress can continue, that jobs will be available, that intensive efforts to recruit and retain scarce medical professionals will be fulfilled. The longer range impacts are more severe. The support infrastructure of the MTF will erode, requiring medical personnel to spend more and more time on nonmedical tasks. The capacity of the direct care system will shrink so that the remaining medical personnel can maintain appropriate quality. More and more work will go out to the CHAMPUS program at increased cost. Finally, recruiting and retention efforts will be severely damaged, resulting in significant shortfalls of critical skills throughout the AMEDD. Recent studies confirm that excessive administrative duties, inadequate administration and clinical support, and a perception of declining or inadequate resources are major complaints of physicians leaving the military.

The AMEDD is fully engaged everyday in accomplishing its extremely large and diverse mission. It is not a mission which can easily be placed aside without severe repercussions, both human and budgetary. Hiring freezes applied without regard to mission requirements and workload will have enduring negative effects.

CHILD ABUSE

QUESTION. General Seitter, in Fiscal Year 1990 the Congress provided about $26 million for child abuse initiatives, which we understand will fund only about 60% of the expressed need. Is there need for more funding at Tripler for this purpose?

As you know, we originally had intended for this initiative to be managed by the Assistant Secretary of Defense for Health Affairs, but the Department decided differently.

Do you think the time has come to move this program back to Health Affairs?

ANSWER. Tripler recognizes the importance of the Family Advocacy Program in dealing with the problem of child abuse. We have a robust program which would be made even stronger with the addition of four master's degree level social workers. This would expand our capability to treat more beneficiaries, improve program quality, and more vigorously address this issue.

Tripler is satisfied with Department level supervision of the Family Advocacy program. We believe this allows this important program to receive maximum visibility and support at the level closest to the program operator.

EMERGENCY MEDICAL SERVICES

QUESTION. General, as you know, the Big Island is clearly in need of emergency medical service capabilities. From time to time, the State Health Department has heard of the possibility of Blackhawk helicopters, currently assigned to Korea, being made available to serve the Big Island.

Is this a real possibility within the near future?

What planning has been done along these lines?

ANSWER. There are no plans to relocate aeromedical evacuation helicopters from Korea to Hawaii. However, present Army Force Modernization Plans prescribe fielding of UH-60s to the 68th Medical Detachment in Hawaii in Fiscal Year 1996. The fielding will be for six helicopters, the same number that is presently assigned to the unit. For the purpose of scheduling routine maintenance, the Army has prescribed an Operational Readiness Rate of 70% for the UH-60. This means that, through proper scheduling, two aircraft will be undergoing routine maintenance inspections while the other four are in a flyable status at any given time. Without considering the impact of unscheduled maintenance, dividing the unit in half would severely impact on the unit's capability to meet its readiness requirements, support the military and the MAST mission on Oahu. Further, MAST Program support is provided as an adjunct to a unit's primary military mission. Assignment of Army helicopters to the Island of Hawaii on the basis of MAST requirements would contravene both Public Law 93-155 and Defense policy.

There is no Army Plan to assign aeromedical evacuation helicopters to the Island of Hawaii. However, in 1978 National Guard Units were authorized to participate in the MAST program. Use of these aircraft for the MAST Program is within all applicable laws and regulations. Currently HARNG has 3 UH-1H and 8 OH-58 aircraft located at Hilo International Airport. The National Guard Bureau is in the process of restructuring this unit to a General Support Aviation Company with 10 UH-1H aircraft assigned. This restructuring is programmed to be accomplished during calendar year 1990. The possibility exists that these assets could meet the requirements of Public Law 93-155.

COMPOSITE HEALTH CARE SYSTEM

QUESTION. General Seitter, do you have computer health record capability on the neighbor islands as yet?

What recommendations do you have for expanding this program to other major medical training sites?

ANSWER. The Composite Health Care System (CHCS) does not provide for an electronic replacement of the existing paper medical record. Parts of the patient medical record are, however, electronically generated and stored by CHCS. Examples of this capacity are health care provider orders, laboratory test results, transcribed radiology test results, and diagnostic and procedure codes. Whether the entire patient record will ever be totally automated remains a design, and legal, question.

It is presently believed that system capability can be expanded to accommodate complete medical record generation and storage. The electronic transmission of medical data to other medical treatment facilities (MTF) is not currently encompassed by CHCS. That capability seemingly could be accomplished and should be investigated at some point. Any such effort should include an interface with civilian and other non-Department of Defense (DoD) medical facilities for contingency and routine resource sharing purposes.

Based on my impression of the CHCS program at MAMC, I highly recommend that all DoD MTFs be installed with CHCS. Experience with the system and its software to date has been positive and promising. Department of Defense MTFs of any size and scope should eagerly anticipate CHCS implementation.

Milestone III should occur on 31 October 1990. At that time DoD will decide whether to extend CHCS to other military hospitals, and only request further funding from Congress if appropriate. I urge your continued support for this extremely important system.

CONTINUING MEDICAL EDUCATION

QUESTION. The Committee is becoming increasingly interested in the probable value of medical education activities in ensuring that active duty members and their dependents receive only high-quality care. I understand from at least two National Institute of Health directors that, in their judgment, most practitioners in their areas are "at least" ten years outdated.

What recommendations regarding priorities do you have for the Committee in the medical education arena?

ANSWER. While the National Institute of Health directors may have been generalizing regarding practitioners in their areas, we do not find in the Army that physicians are "at least" ten years outdated in their practice of medicine. To the contrary, the mean age of Army physicians is considerably less than that of civilian physicians, meaning most Army physicians are recently trained in fully accredited medical training programs.

Tripler recognizes that there has been a literal explosion in the volume of new medical data which seems to increase exponentially each year. In order to improve our position as an education institution, one proposed initiative in Tripler's strategic plan is to program funding to establish a Department of Hospital Education to put all hospital educational activities under expert oversight, operate a modern learning center with the latest support technology, participate in the educational activities of each department to develop the finest instructors possible, and expand the opportunities available for continuing medical education through interactive programs/systems.

I believe total dollars budgeted for military physicians to attend Continuing Medical Education (CME) is less than amounts available to civilian physicians. To some degree this might severely affect military physicians' staying current in their fields. We try to compensate for this variance through the Tripler Videoteleconferencing Center and associated satellite communication linkups with major medical education programs and teaching centers.

FUTURE ROLE FOR TRIPLER

QUESTION. General Seitter, Tripler would be an excellent site for any number of research projects which Hawaii's unique geographic situation would enhance. For example, I should think a high priority should be given to tropical disease research and cure, studies on ocean specific injuries, and high altitude acclimatization. What long-range plans have you undertaken to date in determining a future role for Tripler in these -- and other -- areas?

ANSWER. Tripler Army Medical Center indeed is an ideal location and has ready access to a unique environment and population for the study of tropical diseases and other rural health issues, as well as studies dealing with ocean specific injuries and high-altitude acclimatization. Because we are in a time of fiscal constraint, we do not foresee a significant increase in the number of research and clinical investigation studies conducted at Tripler in the future. This is due in large part to the necessity for increased staffing and funding required to support such programs.

QUESTION. This is really more of a comment than a question. The Subcommittee will expect you and your colleagues in Hawaii to work closely with the Army Surgeon General to identify those elements of Army health training and research that should logically be conducted at Tripler--including those areas I mentioned earlier.

ANSWER. We will continue to actively pursue support from The Surgeon General and the Army Medical Department Research and Development community, as well as grant funding available through congressional and major funding agency sources, to make use of the unique research potential that Tripler Army Medical Center represents.

NAVY

OPERATION JUST CAUSE

Question: I think I would like to ask all of you this question. I know that all four of you travel a great deal meeting with enlisted members of your services. What is your general impression of their general impression of Operation Just Cause?

Answer: Our sailors are very proud to be serving at this point in history. They see peace breaking out all around the world. During a recent trip to Panama, I found it rewarding to see the respect and love relationship our sailors and their families have for the Panamanians. Other than support for the mission of Operation Just Cause, there has been very little published about what sailors did in Panama. Therefore, there has been little discussion or questions from our sea service members who were not involved. They do believe, however, that it was the right thing to do; a "just cause."

CHAMPUS

Question: Master Chief Bushey, you mention that, in the Navy, there is increased difficulty in using CHAMPUS, resulting in large medical bills. Could you elaborate? Is the difficulty to which you refer more prevalent in some geographical areas than in others?

Answer: The problem with CHAMPUS is the bureaucratic nightmare you have to go through to file a claim. I am hearing more and more about doctors who won't accept it at all, or will not accept the maximum allowable limit set by CHAMPUS as adequate compensation for services rendered. There is no consistency in what CHAMPUS will or will not cover. I can provide for you a case in Willow Grove, PA. A chief petty officer and his wife are being threatened by creditors for nonpayment. I feel CHAMPUS should be covering their payments, which are more than most of you could afford, let alone an E-7 in the Navy. In another case, a dependent is in need of a series of minor operations dealing with facial cancer. Each time the doctor uses the exact same procedures; CHAMPUS paperwork has been filed the exact same way each time. One time they will pay in full; the next time they will pay nothing, saying that that type of operation is not paid for by CHAMPUS. On one occasion, CHAMPUS paid 30 percent with no explanation. If you want a real feel for the frustration our families have with CHAMPUS, conduct and attend a seminar in Groton, CT; Willow Grove, PA or Boston.

Question: What is the experience of your enlisted personnel in the two states -- Hawaii and California-- where the CHAMPUS Reform Initiative (CRI) is now in operation? Has CRI helped to make medical care more available?

Answer: Feedback I've received from the fleet and force master chiefs has all been positive about CRI. Most still prefer a Navy medical facility but CHAMPUS Reform has worked well for the patient.

Question: In areas where there are Navy hospitals, do enlisted personnel prefer to use these hospitals or to stay under CHAMPUS?

Answer: The majority of people I talk to prefer to use Navy hospitals. I've also been asked by active duty members and dependents who are on recruiting duty or are NROTC instructors in areas located more than one hours drive from military hospitals why they can't use a VA hospital that is local instead of using CHAMPUS. They also want to know why a VA hospital can't accept CHAMPUS. The bottom line is, our Navy families want to stay in the military medical system.

Question: Do active duty enlisted personnel feel that they have the same access to naval hospitals as officers and dependents?

Answer: Yes. I have not received complaints that officers or senior enlisteds receive preferential treatment.

HABITABILITY ON SHIPS

Question: Master Chief Bushey, your statement addresses living conditions on ships for enlisted personnel. You further say that these living conditions have improved on newer, more modern ships. Could you describe the improvements?

Answer: Berthing compartments and the majority of work spaces have air conditioning and proper heating. Modular berthing is more comfortable and uses space more efficiently. Little things like individual rack reading lights, vents and secure lockers have given individuals the ability to set up a place that is theirs, however small it may be. Shipboard Information, Training and Entertainment (SITE) television systems allow us to get current news, entertainment and training to the crew. Most of our modern ships have crew's lounges, libraries for off duty time and study. Eating areas have a pleasant atmosphere. Recreation funds and badly needed ship's spaces have been dedicated for physical fitness. This, in my opinion, is one of the greatest and most needed improvements. All of these improvements add to a greatly increased quality of life. But it is still for below what would be classified as adequate quarters ashore. We do realize, however, that only so much can be done for combatants at sea.

HABITABILITY ON SHIPS

Question: What is the length of a normal sea tour for enlisted personnel?

Answer: 3.9 years is the Navy overall average. Some sea intensive ratings are as high as five years; some ratings have little or no sea duty in the traditional sense but serve in assignments overseas. Holding to the CNO directed sea OPTEMPO/PERSTEMPO of 50 percent home port time and no deployments over six months has been well received by our sailors.

Question: It is my understanding that the Navy has not been able to achieve an optimum balance between sea and shore duty -- roughly equal time at sea and ashore in a given period. Has this imbalance -- more time at sea than is desirable -- affected the morale of enlisted personnel?

Answer: I'm assuming you are talking about sea OPTEMPO. As I stated earlier, the improvements have made a tremendous positive impact on morale in a majority of our Navy. There are a few commands where it has been extremely difficult to maintain sea OPTEMPO as directed by the Chief of Naval Operations. I have received complaints from some amphibious commands who say they are being crossdecked or over-committed. SeaBees have been waived to seven-month deployments and seven months in homeports, which is working well. We diligently work on improving sea OPTEMPO in favor of the sailor. As our Navy gets smaller, we hope we can maintain the same sea OPTEMPO balance.

BASIC ALLOWANCE FOR QUARTERS

Question: Master Chief Bushey, your statement refers to the difficulties faced by service members married to other service members when one of the couple is sent to sea. Apparently, currently the one who is sent to sea loses his Basic Allowance for Quarters, thereby causing a drop in pay for the one who remains ashore. Is this loss caused by law or by Navy or DoD regualtion?

Answer: It is law. Proposed legislation is being staffed at this time within the Navy.

Question: Has either the Navy or the Department of Defense ever proposed a change so that a service member on sea duty can retain his BAQ under certain circumstances -- such as having a service member spouse in rented housing?

Answer: According to my records, no. However, the Chief of Naval Personnel is concerned about this and has directed our compensation people to research and submit proposed legislation. The way you have stated

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Answer: 3.9 years is the Navy overall average. Some sea intensive ratings are as high as five years; some ratings have little or no sea duty in the traditional sense but serve in assignments overseas. Holding to the CNO directed sea OPTEMPO/PERSTEMPO of 50 percent home port time and no deployments over six months has been well received by our sailors.

Question: It is my understanding that the Navy has not been able to achieve an optimum balance between sea and shore duty -- roughly equal time at sea and ashore in a given period. Has this imbalance -- more time at sea than is desirable -- affected the morale of enlisted personnel?

Answer: I'm assuming you are talking about sea OPTEMPO. As I stated earlier, the improvements have made a tremendous positive impact on morale in a majority of our Navy. There are a few commands where it has been extremely difficult to maintain sea OPTEMPO as directed by the Chief of Naval Operations. I have received complaints from some amphibious commands who say they are being crossdecked or over-committed. SeaBees have been waived to seven-month deployments and seven months in homeports, which is working well. We diligently work on improving sea OPTEMPO in favor of the sailor. As our Navy gets smaller, we hope we can maintain the same sea OPTEMPO balance.

BASIC ALLOWANCE FOR QUARTERS

Question: Master Chief Bushey, your statement refers to the difficulties faced by service members married to other service members when one of the couple is sent to sea. Apparently, currently the one who is sent to sea loses his Basic Allowance for Quarters, thereby causing a drop in pay for the one who remains ashore. Is this loss caused by law or by Navy or DoD regualtion?

Answer: It is law. Proposed legislation is being staffed at this time within the Navy.

Question: Has either the Navy or the Department of Defense ever proposed a change so that a service member on sea duty can retain his BAQ under certain circumstances -- such as having a service member spouse in rented housing?

Answer: According to my records, no. However, the Chief of Naval Personnel is concerned about this and has directed our compensation people to research and submit proposed legislation. The way you have stated the question is exactly the problem. The service member spouse, who is also a service member, can draw single Basic Allowance for Quarters but the sea-going member loses BAQ. This law decreases income based on the assignment, but housing costs remain the same for the married service members. This applies to enlisted personnel below the grade of E-7. This issue is also being studied by the Seventh QRMC.

Question: Has either the Navy or DoD ever proposed letting a single service member retain his BAQ while he is on sea duty?

Answer: In recent years this was changed to allow E-7 and above drawing BAQ to continue to do so after being assigned to sea duty. This is not good enough. We have several career E-6 and below who have established a household and have household goods. When ordered to sea, they suffer the financial burden of paying storage on their own.

SEXUAL HARASSMENT OF WOMEN

Question: Do you hear complaints of sexual harassment from female service members as you travel to military bases around the world?

Answer: Yes. The most common complaints concern verbal abuse and hostile or intimidating work environment. But, let me assure you that whenever these offenses are reported, policy dictates swift and severe action be taken to eliminate this unprofessional behavior.

Question: Have you ever heard of an example of sexual harassment of men?

Answer: Yes. However, most men are not willing to talk about specifics. A recent Navy-wide survey substantiated that very few men perceive that they are harassed.

Question: Could each of you comment on the procedures available to a female service member if she feels she is being harassed. For example, what if the person she feels is harassing her is her immediate supervisor or superior?

Answer: The Navy's grievance and redress procedures are designed to allow informal, formal and legal redress. This means the individual would first attempt to resolve the problem with the harasser. If this is unsuccessful, the matter is referred up the chain of command to the commanding officer. If the commanding officer does not resolve the matter, a formal grievance can be submitted. Also, all shore commands are required to designate a person to assist individuals in resolving harassment problems. Harassment allegations may also be reported through the

Inspector General's hotline. This alternate means of reporting harassment may be used if the complainant is not reasonably satisfied that the complaint has been/will be properly resolved by the chain of command.

Question: Are the procedures you describe sufficiently well monitored and structured and sufficiently confidential that a female service member may bring a complaint without fear of damaging her career?

Answer: No. Unfortunately, many service members will not file a grievance because they think it would make their work situation unpleasant, they think their other actions may solve their problem, or they do not think anything would be done.

Question: Because you four senior enlisted advisors spend a large part of your time in the field talking to enlisted service members, you are probably in a unique position to comment on the prevalence of sexual harassment of women. Do you feel that there is a commitment by your individual services that sexual harassment simply will not be tolerated under any circumstances?

Answer: I feel that it has been made known that sexual harassment will not be tolerated. As in any organization, someone will test the system, or not use common sense. I feel as these cases come up, the offenders will be dealt with swiftly and with a big hammer.

FAMILY SUPPORT CENTERS

Question: Last year, we discussed the issue of spousal and child abuse. Could each of you provide an update -- are the services becoming more adept at identifying victims of abuse?

Answer: The Family Advocacy Program (FAP), the DoD program which provides prevention, identification, intervention and follow-up in cases of child and spouse abuse, has grown since its inception in 1981 to the present in terms of: The numbers of people served; the program budget; and the staff committed to responding to domestic violence among military families. The numbers of victims of family violence identified as treated over the last three years is:

	FY-87	FY-88	FY-89
Child abuse	2688	2852	3708
Spouse abuse	3471	4149	4365
Total	6159	7001	8073

As you have noticed, the number of cases has increased by almost 2,000 from 1987 to 1989. I don't believe this indicates an increase in violence; it's an indication of increased identification and corrective action. Commands have become more aware of family violence and are less apt to cover-up the case even if it involves a top performer.

Question: For a long time, in both civilian and military communities, child and spouse abuse was a subject no one wanted to acknowledge or discuss. Do you believe that the military services are now committed to finding and treating, not only the victims of abuse, but also the perpetrators?

Answer: The Navy Family Advocacy Program takes a proactive approach to prevent family maltreatment whenever possible through support and education programs. When abuse does occur both the victim and the perpetrator (as well as other affected family members) receive appropriate interventions to include safety precautions, group and/or individual treatment, educational classes, and, when appropriate, disciplinary sanctions for severe or repeated offenses. Navy leadership fully supports Family Advocacy. In March 1989, the Chief of Naval Operations issued Navy-wide a policy statement which affirmed that the abuse of children is not tolerated in the Navy, that every case must be reported and assessed, and that assistance in these matters is available through the Family Advocacy Program. This clear statement of-support for Family Advocacy efforts exemplifies the Navy's deep commitment to the prevention and addressal of family maltreatment. And, yes, we still have a way to go to be effective. I believe we are ahead of society in solving this probelm.

MARINE CORPS

Question: I know that you travel a great deal meeting with enlisted members of your service. What is your general impression of their general impression of Operation Just Cause?

Answer: General impression is that all services did an excellent job during Operation Just Cause. However, the impression from the field (all ranks) is that in some instances, Just Cause was exploited for service interest and to showcase new hardware. We believe that the soldiers in Panama did a very professional job, and I have talked to no one who put their performance down. However, many Marines believe that the Corps was capable of performing, and should have been assigned, a larger role.

FAMILY SEPARATION/UNACCOMPANIED TOURS

Question: Sergeant Major Sommers, you mention in your statement that the Marine Corps has reduced the number of unaccompanied tours overseas. I seem to remember that formerly the Marine Corps had an extremely high percentage -- perhaps as much as 95 percent -- of unaccompanied tours. What percentage of tours overseas are now unaccompanied?

Answer: Unaccompanied tours overseas currently represent 90 percent of all overseas tours.

Question: What programs does the Marine Corps have to minimize the effect of overseas tours or training or operational deployments on the families of Marines?

Answer: We recognize that overseas tours, extended training exercises, and deployments are disruptive to family life and consequently have a number of programs to assist Marines and their family members with the stresses created by these operational requirements. Our 18 Family Service Centers (FSC), located on major installations worldwide, offer pre-deployment programs for Marines and family members. These comprehensive briefings prepare all family members for the separation. Financial counseling, employment assistance for spouses, and information and referral services are also available for the family prior to, during and after the separation. In addition, deployment support activities continue for family members while the Marine is away. Toll-free telephone numbers exist at the MCCDC Quantico and MCB Camp Pendleton FSC's which allow family members living away from USMC installations access to information and support services. We have published and distributed two excellent booklets which are very beneficial for family members. These are Daddy's Days Away: A Deployment Activity Book for Parents and Children, and What's Next? A Guide to Family Readiness.

Question: You also mentioned that 28 percent of your young Marines are married to women whose average age is 19 years old. Are there special programs or special services available to these young people?

Answer: The inherent problems caused by the youth of many of our Marine spouses are compounded by the fact that most of them are away from their extended family for the first time. They do not have mothers, grandmothers or older siblings to turn to for immediate support as many young civilian couples have. We attempt to prepare these young couples for marriage, military style, through pre-marital preparation workshops. The addition of a child to the family often creates additional stresses. For this reason we have implemented a new program which began at MCB Camp Pendleton last fall and is already proving to be beneficial. This is the Home Visitation Program which seeks to identify at-risk parents early in the pregnancy and offers immediate intensive intervention to reduce the possibility of child abuse/neglect. This program will be replicated at other medical treatment facilities this fiscal year and in fiscal year 1991. In addition, many of our FSC's offer parenting classes, and some of our Child Development Centers offer drop-in care which allows parents a break from the constant demands of child rearing. We are also experimenting at MCAS El Toro with a new, required counseling program upon marriage and the birth of a first child. If successful, this program will be replicated throughout the Corps.

RECRUITING

Question: Sergeant Major Sommers, last year you talked about steps General Gray had taken to improve morale among the Marine Corps' recruiting force. One step he had recommended was removing Marines from recruiting duty, if they proved to be poor recruiters, and returning them to their occupational specialties, without a blot on their records. Has this recommendation been implemented?

Answer: Yes. Recruiters that expend an appropriate effort to achieve their goals but do not realize desired results are removed from recruiting duty for the good of the service. This form of relief or removal from recruiting duty is not prejudicial to the Marine or his career; it recognizes an inappropriate assignment and returns the individual to a job corresponding to his primary military occupational specialty.

BACKGROUND/SIGNIFICANCE OF ISSUE

Question: Last year the Marine Corps had a major recruiting scandal at one recruiting station when recruiters had falsified records, test scores, etc., in order to meet recruiting goals. Part of the problem seemed to be that recruiters were assigned to recruiting duty regardless of whether they were effective recruiters.

Are most Marine recruiters volunteers or are they simply assigned recruiting duty whether they want it or not?

Answer: The 1989 DoD Recruiter Survey indicates that 54% of our Marine recruiters volunteered for their assignment to recruiting duty. The remaining 46% are non-volunteers. All career Marines can expect to be screened for recruiting duty or other special assignments such as drill instructor or Marine security guard duty. There is a continual need for qualified Marines to serve in special assignments; those Marines satisfying specified criteria either volunteer or are assigned to those duties as necessary.

Question: How much training are your recruiters given before they are assigned to recruiting duty?

Answer: All Marines assigned to recruiting duty attend the Marine Corps Recruiters School located at the Marine Corps Recruit Depot, San Diego, California. The school is 7 weeks in length consisting of 34 training days and 280 hours of instruction.

Question: Have you been generally satisfied with the quality of recruits you are receiving in the 1980-1990 time frame?

Answer: Yes! The effort put forth by our recruiting service in finding the "best qualified" and the support Congress has provided in ensuring adequate compensation to attract those who are "best qualified", have done immense good in shaping the quality Marine Corps we have today. Fifteen years ago, our non-EAS attrition was twice what it is today. Although we tightened up on quality, we just couldn't recruit and retain the kind of quality Marine you see today until we paid them what they're worth. As a result, our disciplinary problems are half what they were 10 years ago; and our self reported drug use, as reported in the "1988 DoD World Wide Survey on Substance Abuse and Health Behaviors Among Military Personnel" has shown a dramatic decrease from 37% to 4%. I would ask that you continue that support, because it has made some dramatic differences in the readiness of your Marine Corps. That's why we keep stressing quality -- it has a direct reflection on our readiness.

SEXUAL HARASSMENT OF WOMEN

Question: Because you four senior enlisted advisors spend a large part of your time in the field talking to enlisted service-members, you are probably in a unique position to comment on the prevalence of sexual harassment of women.

Do you hear complaints of sexual harassment from female service members as you travel to military bases around the world?

Answer: There are procedures in place for individuals with complaints to bring them to the attention of their chain of command. When such a complaint arises from a service member during any of my travels it is promptly referred to the proper commanding officer for investigation and corrective action, if necessary.

Question: Have you ever heard of an example to sexual harassment of men?

Answer: A review of records during the past three years indicates one case of a male Marine being sexually harassed. In 1989, a female lance corporal verbally abused in a sexual nature a male lance corporal. The female lance corporal received nonjudicial punishment and was placed on fourteen days restriction.

Question: Could you comment on the procedures available to a female service member if she feels she is being harassed. For example, what if the person she feels is harassing her, is her immediate supervisor or superior?

Answer: Utilizing the chain of command and the request mast system are the primary means for filing sexual harassment complaints within the Marine Corps. Marines have the right to request mast to their individual commanding generals and need not discuss their complaint at intervening levels. This would allow an individual to file a complaint against their immediate supervisor or superior.

Question: Do you feel that there is a commitment by your individual services that sexual harassment simply will not be tolerated under any circumstances?

Answer: Yes. The Commandant, through the publication of White Letters to his commanding generals and commanding officers, revision and reissuance of policy, and numerous articles through both headquarters and local media means, has continually emphasized that sexual harassment erodes morale, has an adverse effect on readiness, and will not be condoned or tolerated. His commanders understand this and are taking appropriate action.

FAMILY SUPPORT CENTERS

Question: Last year, we discussed the issue of spousal and child abuse. Could each of you provide us an update -- are the Services becoming more adept at identifying victims of abuse?

Answer: We know that the number of reported cases of child and spouse abuse have increased significantly since we began keeping these statistics. We strongly believe this is an indication of improved awareness, identification and reporting rather than an actual increase in violent behaviors. Commanders, teachers, child care providers, medical personnel, and others are all more familiar with reporting requirements and their responsibilities in insuring that reports are made to the appropriate persons.

Question: For a long time, in both the civilian and military communities, child and spousal abuse was a subject no one wanted to acknowledge or discuss. Do you believe that the military services are now committed to finding and treating, not only the victims of abuse, but also the perpetrators?

Answer: I believe that we are more committed to finding and treating victims, as well as perpetrators. We know that the victims of all kinds of abuse are likely to carry emotional scars for many, many years without proper intervention. Perpetrators of physical abuse are likely to continue their behavior and increase the severity of it without some intervention. We have recently made additional services available to sexual abuse perpetrators in the MCB Camp Lejeune Brig. A psychologist was brought on staff of the FSC to offer treatment to these individuals and their families. If a sex offender is to have any chance of recovery and/or unification with his family, intervention is essential. The MCB Camp Pendleton brig will be offering similar services once staff can be added.

AIR FORCE

Operation Just Cause

Question: I think I would like to ask all of you this question. I know that all four of you travel a great deal meeting with enlisted members of your Services. What is your general impression of their general impression of Operation Just Cause?

Answer: The troops are proud, pleased, and excited about the professionalism demonstrated by all concerned. Even among the wounded during my visit to Wilford Hall Medical Center I noted the same pride. Everyone feels the operation was needed, justified and long overdue.

Hollow Force

QUESTION: Chief Binnicker, you refer to the "hollow forces" that existed in the 1970s Defense budgets and continually declined following the end of the Vietnam conflict. I am sure that none of us wants to return to those days of chronic undermanning across the board. But to avoid returning to those days requires an equal commitment from the Congress and the Department of Defense.

Do you perceive that the Air Force is committed to drawing down end strength over the coming months and years in a manner that will avoid undermanning and the so-called "hollow forces."

ANSWER: The Air Force is committed to avoiding a long-term hollow force. However, in FY 1991 there is a unit undermanning of 19,400 spaces -- 16,600 of which were taken notionally in anticipation of successful CFE and START negotiations. Of course, it was not prudent to identify the specific force structure and basing reductions prior to completed negotiations. Nevertheless, the likelihood of approved treaties, combined with fiscal realities, prompted reducing the associated manpower from the budget. This manpower reduction, until tied to specific force and basing actions, will increase unit undermanning to a peak of 19,400 spaces in FY 1991 -- the highest budget level in Air Force history.

Once the CFE/START treaties are signed and force structure is reduced, additional military end strength should not be cut from the budget until a proper balance between force structure and end strength is achieved. Cutting this end strength again would underman a further reduced force structure -- exacerbating and extending what was to be an interim hollow force. This condition translates into fewer people at the unit level to operate and maintain today's expensive and highly capable weapon systems. Safety, training and morale, to name a few, suffer. Most importantly, the effective and efficient use of our sophisticated weapon systems suffers which adversely impacts mission capability and combat effectiveness.

Question: What effect has the certainty of end-strength reductions had on morale in the Air Force?

Answer: These end strength reductions are having a profound effect on the morale of Air Force members and their families. The majority of Air Force members today entered the Air Force under the auspices of the All Volunteer Force when they were promised exciting and rewarding careers in return for a long-term commitment. With Congress now looking to cut the Service's manpower strengths by large numbers due to the changing world political situation, there is a mounting foreboding in the force about what this will mean in terms of reductions-in-force, involuntary early retirements and other involuntary separations. All of this turmoil has caused morale among Air Force members to plummet since they have no idea what is going to happen to them and their families.

Question: Have you noticed any decrease in reenlistments as a result of these reductions?

Answer: We have noticed recent decreases in our reenlistment rates; however, it is too early to determine the exact causes. A decrease in reenlistment rates was expected due to the two enlisted voluntary early release programs implemented earlier in this fiscal year. Only with the passage of time will we be able to ascertain any decrease in reenlistments which can be attributable to the reductions.

Reduction in Accessions

Question: If most of your end strength reductions are taken from accessions, is not there a danger that you will end up with an enlisted force that is too top heavy?

Answer: In the past it is true the Air Force has taken most of its reductions in end strength through lowered accessions. However, in FY91 enlisted strength reductions will be achieved through a prudent combination of lower accession levels coupled with higher losses of experienced people. The goal is to have a well-balanced enlisted force that is not too top heavy.

Question: You said last year that you thought the enlisted force should have about 51% in the top five grades. At that time, the Air Force had about 48%. Is the increase from 48% to 50% the result of a plan by the Air Force to reach 51%.

Answer: The 51% referred to is the result of a position-by-position application of manpower engineering standards to determine the grade required to perform jobs in the Air Force. This process is extensive, and uses scientific techniques to determine the appropriate level of expertise, leadership, training, experience, etc., for each job. The 1989 count of all positions requiring a SSgt or higher to perform the job equalled 51.7% of the end strength of the enlisted force. These required ranks/grades in the force are constrained down to a "grade plan" percentage, based exclusively on budget considerations. Our current grade plan calls for 48% in the top five grades. These are distributed among specialties based on a "fair share" reduction from the required grades. Therefore, although the current mix is approximately 50% top five grades, it is a function of a less than needed strength level, instead of a changed grade plan. This shortfall of people versus programmed strength is predominantly met through fewer accessions, presenting a short term appearance of a more top heavy force. Next year's top five grades will again be consistent with programmed end strength and the top five grade plan.

Sexual Harassment of Women

Question: Because you four senior enlisted advisors spend a large part of your time in the field talking to enlisted service members, you are probably in a unique position to comment on the prevalence of sexual harassment of women.

Do you hear complaints of sexual harassment from female service members as you travel to military bases around the world? Have you ever heard of an example of sexual harassment of men?

Answer: I have never heard/received one complaint of sexual harassment during my four years as CMSAF. I believe the leadership at all levels has dealt swiftly with the problem and when appropriate, action was taken against the perpetrator. It is well known and understood that we neither condone nor tolerate sexual harassment in our Air Force.

Question: Could each of you comment on the procedures available to a female Service member if she feels she is being harassed. For example, what if the person she feels is harassing her is her immediate supervisor or superior?

Answer: If a female Service member feels she is being sexually harassed, she can make a complaint through any of several avenues available to her. These include: Her unit commander, the base commander, the base Social Actions Office or the Inspector General. If the complaint is against her immediate supervisor or superior, she can take her complaint to the next higher person in the chain of command.

The Air Force educates its members on these complaint procedures during newcomers' orientations, as well as through various Professional Military Education courses that members take throughout their careers. Additionally, unit commanders are required to ensure their members know the various complaint channels and procedures for filing complaints or otherwise seeking outside assistance. Further, unit commanders are responsible for ensuring their members are able to present complaints without fear of retaliation.

Question: Are the procedures you describe sufficiently well-monitored and structured and sufficiently confidential that a female service member may bring a complaint without fear of damaging her career?

Answer: The Air Force closely monitors sexual harassment complaints. These complaints go through several levels of review to ensure compliance with the Air Force Equal Opportunity and Treatment (EOT) policy. The senior commander is the one who reviews the cases and decides if sexual harassment has occurred. These complaints are also reviewed by the base Legal Office to insure legal sufficiency, as well as by the base Social Actions staff. Senior commanders are also briefed regularly on sexual harassment complaints to help monitor trends and correlations with EOT and Human Relations Education (HRE) prevention programs.

Due to the nature of complaint processing which includes interviewing witnesses who may have relevant information concerning the complaint, total confidentiality cannot be offered. However, commanders are held responsible to ensure reprisals are not taken against the individual filing the complaint.

Question: Do you feel that there is a commitment by your individual Services that sexual harassment simply will not be tolerated under any circumstances?

Answer: The Air Force is strongly committed to the policy that sexual harassment will not be tolerated under any circumstances. Air Force policy prohibiting sexual harassment is well publicized and all members receive education on this prohibition . The number of sexual harassment complaints has risen (304 in FY 1989 compared to 187 in FY 1985) indicating a willingness on the part of Air Force members to bring sexual harassment complaints to unit commanders. Commanders are the ones who decide if sexual harassment has taken place. The high confirmation rate in FY 1989 (64 percent) shows strong involvement on the part of commanders. In cases where sexual harassment has been confirmed, appropriate action was taken against the offender. The bottom line is the Air Force has a strong policy prohibiting sexual harassment. This policy is well publicized. There is strong commander involvement and appropriate action is taken when sexual harassment is confirmed. The Air Force is unwavering in its commitment to this policy.

Family Support Centers

Question: Chief Binnicker, you mention the Air Force's establishment of a number of Family Support Centers at Air Force bases. In the unsettled atmosphere in which service members are now living -- because of the projected cuts in end strength -- I should think these Family Support Centers are more important than ever.

Can you describe for us briefly the kinds of support these centers are able to provide to Air Force families?

Answer: Air Force Family Support Centers (FSCs) are the cornerstone of the Air Force Family Support System and are truly an Air Force success story. During FY89, FSCs recorded approximately

1.3 million contacts for family assistance, base commanders without FSCs are asking for them, and MAJCOMs have accelerated the approved Air Force build plan.

FSCs are the focal point on the base for family related issues and perform four major functions. They provide information and referral counseling for families seeking assistance, and they provide follow-up with referral agencies to ensure the families' needs are met. FSCs also serve as consultants to base leadership to assist in creating a more family responsive work and community environment. Third, FSCs provide program planning and coordination in conjunction with other human resource organizations on and off base to increase the supply and quality of family programs and services. Finally, FSCs conduct an array of programs to assist in family adjustment and development.

FSC direct service programs are offered in five major areas, which include spouse employment assistance, volunteer management, financial management assistance, relocation assistance, and family life education. The Spouse Employment Resource Program includes workshops and seminars in all aspects of the job search process, development of employment opportunities and alternatives, and matching spouses with job openings commensurate with their skills, training, and education. The Volunteer Resource Program works with on and off base organizations to enhance the recruitment, training, recognition, and retention of volunteers. It, too, works to develop volunteer opportunities and match them with volunteers' interests and skills. The Financial Management Program, which includes Air Force Aid Society and Personal Financial Management Program services, addresses a myriad of families' financial concerns that range from emergency and student loans to budget maintenance and investment strategies. The Relocation Assistance Program, presently being enhanced, will provide coordinated and comprehensive assistance that addresses diverse family needs from preparing for the move through settling in and adjusting to the new location. Finally, FSCs conduct family life education classes, workshops and seminars that deal with a variety of aspects of family life that often create stress or can lead to dysfunction, such as preparing for parenthood, parenting education and skills with all ages of children, marital communication and enrichment, and caring for an elderly parent.

Question: Last year, we discussed the issue of spousal and child abuse. Could each of you provide us an update -- are the Services becoming more adept at identifying victims of abuse?

Answer: We believe we are. Air Force Family Advocacy personnel brief commanders, key staff, and medical personnel annually on signs, symptoms, and need for referral of child and spouse abuse problems. The number of reports of abuse have increased each of the last six quarters. Only 17 percent of FY 1989 maltreatment reports came from victim self-report -- the other 83 percent came from base agencies such as security police, medics, Family Support Centers, commanders, etc.

SUBCOMMITTEE RECESS

Senator **Inouye**. I would like to thank all of the witnesses who have appeared here today, because what we have discussed today is just as important, if not much more important, than the B–2's and the V–22's and the C–17's and the ICBM's, because without the men and women that you command we will not have a defense structure.

So I thank you very much, General.

The subcommittee will now stand in recess until Thursday, March 29, at 10 a.m.

[Whereupon, at 6 p.m., Tuesday, March 27, the subcommittee was recessed, to reconvene subject to the call of the Chair.]

DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 1991

THURSDAY, MAY 24, 1990

U.S. Senate,
Subcommittee of the Committee on Appropriations,
Washington, DC.

The subcommittee met at 9 a.m., in room SD-192, Dirksen Senate Office Building, Hon. Daniel K. Inouye (chairman) presiding.

Present: Senator Inouye.

NONDEPARTMENTAL WITNESSES

OPENING STATEMENT

Senator **Inouye**. This morning, the subcommittee gathers to receive testimony from public witnesses. I am well aware that all of you have spent much time and put in much effort and much thought into your statements, and I can assure you that all of your statements will be placed in the record in full.

I would wish that I had the opportunity to sit with you and spend more time on all of the issues, but as you know, we are presently considering the crime bill and as of this moment they have scheduled a vote at 10, another at 11, and I believe another at noon, and so I will not be able to carry on a dialog that I usually do with all of you. If I may, if I do have questions, I would like to submit them to you and if you wish to, respond to me in that fashion.

Our first witness is the assistant director of the National Legislative Commission of the American Legion, and he will be accompanied by G. Michael Schlee, director of National Security and Foreign Relations Commissions of the Legion.

Director Robertson.

The American Legion

STATEMENTS OF:

STEVE A. ROBERTSON, ASSISTANT DIRECTOR, NATIONAL LEGISLATIVE COMMISSION

DENNIS M. DUGGAN, DIRECTOR, NATIONAL SECURITY AND FOREIGN RELATIONS COMMISSIONS, THE AMERICAN LEGION

Mr. **Robertson**. Good morning, Mr. Chairman. Mr. Schlee was unable to make it today. I have Mr. Duggan, who is also in that same division and will be presenting a summary of our testimony.

Mr. **Duggan**. Good morning, sir. Sir, on behalf of the 3 million members of the American Legion, we are extremely pleased to appear before you and your committee. We fervently hope and pray that the chain of events which are occurring in Eastern Europe and the Soviet Union continue to proceed and succeed, and succeed also in our behalf, in our favor.

We would point out, as you are aware, perhaps much more than I, that four times in this century we have entered major wars unprepared because we failed to fund defense properly during the time of peace. As veterans who have served during those wars we have paid a terrible price in blood and resources.

PEACE DIVIDEND

Before we begin to reduce the defense budget in search of a so-called peace dividend, however, we would merely ask, are we about to base our defense proposal and perhaps future budgets on Soviet intentions as we understand them, or on Soviet capabilities?

It is our belief that if the United States and the Soviets were to sign and ratify Conventional Forces in Europe and START Treaties that the Soviet Union would continue to maintain the world's largest military force and largest inventory of modernized hardware. Moreover, the independence movements and the ethnic problems that plague the Soviet Union, combined with a failing economy, could rapidly reverse current Soviet trends, we believe. We believe, therefore, that during this uncertain transitional period that the Armed Forces of our country should not be drastically reduced, but that we should remain vigilant and very simply that we should keep our powder dry.

Mr. Chairman, there are several major issues we would like to mention to the subcommittee this morning. The first concerns the dedicated men and women who are currently serving in the Armed Forces. In our visits to military installations throughout the country recently, we continued to detect considerable anxieties and a real erosion of morale due to nearly daily reports of impending military cuts. Defense reductions which cut too deeply or too rapidly could not only seriously jeopardize our military deterrence and our readiness posture, but perhaps our economy as well, as historically recessions have been known to generally follow periods of major military cutbacks.

If there is such a thing as a peace dividend, what better investment could there be than in, perhaps, comprehensive career transitional benefits and training packages to assist those service members our Government releases from active duty, for it is they who have truly earned and maintained the peace we enjoy today.

EARLY RETIREMENT BENEFITS

We believe that serious consideration should be given to such benefits as consideration as is currently going on, to early retirement benefits scaled to years of service, perhaps a separation pay for enlisted members, transitional health care benefits, and expanded and improved unemployment compensation benefits, broader eligibility for the Montgomery GI bill educational benefits, and an expanded and fully funded transitional assistance program and disabled transition assistance program to assure that released service members receive the necessary training and job placement assistance they deserve when they reenter the civilian work force.

We will also note that the fiscal year 1991 defense budget request contains only a 3½-percent pay raise for the Armed Forces when the rate of inflation, as we understand it, is currently estimated at 4.7 percent. Service pay comparability continues to lag the civilian sector by about 12 percent. In addition to a more equitable higher pay raise for the military, we, in the Legion, urge the Congress to preserve the guarantee of purchasing power for our military retiree population by ensuring also a COLA increase this next January.

CHAMPUS

Turning now to the CHAMPUS program, the CHAMPUS program has been chronically underfunded for years, and this year is certainly no exception. Already, the Navy and the Marine Corps reported that they could no longer make CHAMPUS payments and will have to reprogram, and the other services are also approaching insolvency with regard to CHAMPUS payments for medical services rendered.

Despite a 10-percent annual growth in the budget, the CHAMPUS program has not been able to keep pace through the years. We believe this program will require expansion as medical costs continue to escalate and as larger numbers of the men and women prepare to leave the services. The U.S. Government, we feel, must honor its obligation to provide adequate health care, not only to active duty members, but to military retirees and their dependents.

The American Legion also continues to remain supportive of a strategic defense initiative and modernization of the services if we are to retain and maintain our technological edge and military deterrence. We would urge, for example, that the U.S. Army continue with our armor development R&D programs so as to develop a follow-on to the M-1 tank. We support, as well, the retention of a 14-carrier Navy with its worldwide sea and air power projections and capabilities, as well as new developments within the Air Force to include, of course, the C-17 transport and the advanced tactical fighter.

We believe that soldiers, sailors, marines, and airmen can maintain the peace, can impose the policy and will of the United States, such as they did in Operation Just Cause in Panama, only if they are properly equipped and trained. If our military is to remain vigilant during this uncertain transitional period, we also feel the Reserve components will require, as has been continued, the modern weapons systems and adequate levels of funding.

ROTC PROGRAMS

Finally, Mr. Chairman, we in the Legion have strongly supported ROTC programs both at the high school and the collegiate level. High school ROTC programs, particularly, have become a cost-effective institution in our educational system in many communities across the country, and we feel that no dollar value can be placed on their character and discipline-building qualities, which contribute to making our youth better and law-abiding citizens.

Mr. Chairman, this concludes our statement, and we thank you and your subcommittee for the opportunity to appear before you.

[The joint statement follows:]

JOINT STATEMENT OF STEVE A. ROBERTSON and DENNIS M. DUGGAN

Mr. Chairman, we are pleased to appear before this Subcommittee on behalf of the 3 million members of The American Legion. Our view of the defense interests of the United States is based on first-hand experience, much of it in combat. We, perhaps more than any other citizens, fervently hope that the chain of events occurring in Eastern Europe and the Soviet Union will succeed, and succeed in our favor.

In the aftermath of World War II, the United States assumed the responsibility to lead and help defend the world's free nations by providing a shield behind which democracy and the love of freedom could flourish. The challenge of an aggressive and repressive Soviet Union was contained by a system of alliances like NATO, which we helped create and lead. In this historic endeavor, the United States has succeeded brilliantly. It was perhaps inevitable that the Soviet Union, met head-on by a strong America and a strong coalition of free nations determined to resist its encroachments, would have to turn inward to face its own economically flawed system.

Yet our own goals and interests remain constant. The United States must continue to be the leader of the free world and take on the new challenges created by new conditions. Our policy of peace through strength has been expensive and at times painful for us and our allies. Four times in this century we have entered major wars unprepared because we failed to fund defense properly in peacetime. As veterans who served during these wars, we paid a terrible price in blood and resources. As former Chairman of the Joint Chiefs of Staff Admiral Crowe noted, "It is curious that just as our security policies are beginning to reach fruition that we begin cutting away at them with a vengeance."

Naturally we are not opposed to defense draw downs if the threat, in fact, truly justifies it. But before we arbitrarily and irreversibly slash defense budgets, perhaps we should ask ourselves: Do we truly know what are the intentions of the Soviet Union? More importantly, should we base our defense budget on Soviet intentions, or Soviet capabilities? As a former White House budget director said: "If there were such a thing as a peace dividend, it would have been spent 50 times over by now." The Soviet Union continues to modernize its conventional and strategic capabilities. Even if the Soviet Union and the United States sign and ratify the Conventional Forces Europe (CFE) and the START Treaties, the Kremlin's military establishment will continue to maintain the world's largest military force and largest inventory of modernized hardware. Moreover, the independence movements and the ethnic problems that plague the Kremlin combined with a failing economy could rapidly threaten the entire Soviet endeavor.

Even if all the trends we see in Moscow play out in our favor, the necessity of protecting the interests of Americans in an uncertain world will not disappear. In a period of rising national priorities, declining available resources, and what overtly appears to be a declining threat, we believe that it is absolutely imperative that our Armed Forces remain strong, include a mix of conventional and strategic forces, and include viable and modernized Army, Navy, Air Force and Marine Corps forces capable of projecting an appropriate level of U.S. power and military response. We wonder if "Operation Just Cause" could have been performed successfully with the proposed FY 1997 force level. Would the movement of required personnel and equipment "tip-our-hand" as to our intentions thus losing the element of surprise? We strongly believe that the Armed Forces should not be reduced too deeply nor too rapidly.

The national security strategy of the United States, as elaborated by the President, seeks whenever possible in concert with our allies to: deter aggression that could threaten our security interests; to deal with threats to the security of the United States to include international terrorism; to improve our strategic stability through equitable and verifiable arms control agreements; to maintain our strategic and conventional deterrents; to remain vigilent to Soviet and Third World adventurism; to prevent the transfer of militarily critical technologies especially weapons of mass destruction; and to reduce the flow of illegal drugs in the United States.

Mr. Chairman, these are major missions that can only be performed by strong and vibrant active duty and reserve components forces of our country. The American Legion supports the major role of the Department of Defense with regard to monitoring and interdicting the international drug flow into the United States. Recognizably, it is not, nor should it be, the primary mission of the Armed Forces, but we support an adequate level of funding for the Services for this vital role which impacts on every facet of American life.

The proposed FY 1991 defense budget represents less than 5.5 percent of the gross national product and is projected to decline even further. That is well below the levels of the Kennedy and Eisenhower years; and we appear to be headed toward defense budgets which pre-date World War II years. Indeed, the perception of the "hollow" Armed Forces of the 1970's is beginning to creep back into our vocabulary.

Mr. Chairman, there are several major issues we would like to discuss with the Subcommittee today. The first concerns the dedicated men and women who are currently serving in the Armed Forces. Unlike previous eras, career-oriented service members today serve voluntarily and not in a conscripted status. In our visits to military installations, we have detected considerable anxieties from officers and non-commissioned officers stemming from the uncertainties of future service to the nation. The reported position of the Army, the largest of the Services, is that it is contemplating reducing in-force troop strength by 200,000 in the FY 1992 to FY 1997 defense budgets. Some experts predict this will force a raise in the overall level of unemployment by at least 2.5 percent in 1993. The erosion of morale is real, as is its apparent impact on the readiness of the Services. The opportunity for service members to earn a military retirement annuity and subsequently enter a second civilian career has been the mainstay incentive for officers and non-commissioned officers who are considering pursuing a military career. The bulk of service members who would be subjected to any reductions in-force serve predominately in the combat branches of the Services, yet all separating service members will require transitional benefits and training to be competitive and productive in the civilian work force. It is the very least this nation can do for those who have so unselfishly served their country.

The American Legion has long been supportive of quality of life elements for the Services, including those which would facilitate the transition of service members from military to civilian life. Congress should give serious consideration to comprehensive benefits packages for involuntarily separated career service members to include, for example, early retirement benefits scaled to years of service and/or separation pay for enlisted members and an improved separation pay for officers, transitional health care benefits, expanded and improved unemployment compensation benefits, broader eligibility for Montgomery G.I. Bill education benefits, and transitional commissary and exchange privileges.

Mr. Chairman, there are thousands of men and women currently serving in the Armed Forces who face the possibility of being released from active duty in the near future due to the proposed substantial reduction in the Armed Forces. Some of these service members have skills which are relatively easy to transfer into the civilian work force, but many do not and will need the help of our government to obtain the necessary training and job placement assistance. Veterans Employment and Training Services in the Department of Labor is currently the only agency in the Federal Government with the expertise to assist veterans with employment and training issues.

Last year the Congress authorized a pilot study of the Transition Assistance Program (TAP) and the Disabled Transition Assistance Program (DTAP) designed to assist service people within 180 days of separation in their transition to civilian life. The pending personnel cuts within the military services leaves little time for a pilot study. The TAP and DTAP need to be expanded and fully funded. It is estimated that at least $4.5 million is needed for the TAP and DTAP from the Department of Defense.

If there is a so-called peace dividend, it should be invested into comprehensive benefits and training packages to assist the of dedicated men and women our government chooses to release from active duty. These veterans have served their country, endured the hardships attendant to service life and maintained the peace we enjoy today.

We also note with considerable interest, that the President's budget request contains a 3.5 percent pay increase for the Armed Forces. We would point out, first of all, that the inflation rate for the first quarter of FY 1990 was 5.7 percent, and that pay comparability between the Armed Forces and the civilian sector is still a goal, not a reality. The Department of Defense currently estimates that servicemen and women are paid approximately 12 percent below the civilian sector. Maintaining the quality of the Services is directly ties to such factors as military pay and the quality of military life. Service members are no different than their civilian counterparts when it comes to career decisions and they react just as negatively when real or perceived benefits are changed or eroded. We also strongly urge the Congress to preserve the guarantee of purchasing power for retired military and civilian personnel by insuring that cost-of-living adjustments are consistent with inflation factors.

Comparable military compensation, as important as it is, is only one factor as to what attracts and retains quality service members in the Armed Forces. Families of military members are a major part of the quality of life equation. As such, military families make an important contribution to the readiness posture of the Armed Forces. Whether a good soldier remains in the Service is often decided by the family's perception of whether an adequate quality of life is being provided by the Service in exchange for the hardship and family separations attendant to military life. Three of the most important of all quality of life programs are retirement benefits, health care and commissaries.

The Armed Forces continues to be short hundreds of physicians and literally thousands of nurses. This gap must be corrected. It not only translates into potentially increased mortality rates among battle casualties, but also into a serious degradation of medical care for active duty dependents and military retirees and their dependents.

In light of the proposed reduction of the Armed Forces, The American Legion strongly urges Congressional action to focus attention on the Department of Defense and its military departments to address the medical needs of military families and retirees throughout the United States and around the world. Armed Forces medical facilities and the CHAMPUS program must be expanded and fully funded to meet our nation's responsibility to provide medical care to active duty service personnel, their dependents, and military retirees and their dependents. The Navy and Marine Corps reported that as of May 7, 1990 they can no longer make CHAMPUS payments for medical services rendered because they are broke and will require reprogramming of funds. The fact is that CHAMPUS has been chronically underfunded for years. The FY 1990 CHAMPUS budget is $3.1 billion and has grown at the rate of approximately 10 percent per year and yet has not kept pace. This program will require far-sighted expansion as larger numbers of men and women leave the services. The American Legion urgently seeks its full funding.

With regard to commissary operations, we strongly support the retention of the military commissary system and that it be preserved as an institutional support for our active duty military, military retirees, reserve component personnel on active duty for training status, 100 percent service-connected disabled veterans and widows authorized commissary privileges.

Experience has shown that when the quality of a military member and his family's life have eroded, the resultant shifts in morale and exodus from the service are inevitably followed by a significant drop in readiness. The American Legion urges the Congress to fully fund these areas.

Much has been said and done to hold down spending in the name of reducing the federal budget deficit, and deficit reductions are already being assessed from the proposed defense budget. We in The American Legion believe that the United States should proceed resolutely toward the continued development of the Strategic Defense Initiative. The Armed Forces have seen a modernization effort unprecedented since the mobilization prior to World War II. Modernization, however, must be a continuing process and much needs to be done in all the Services if the United States is to maintain its military deterrence. To remain competitive with Soviet armor developments, for example, we believe the Army must continue its research and development efforts to integrate new armor modular technologies into its follow-on armor and anti-armor improvements in order to enhance U.S. armor lethality, survivability and fightability so as to match or defeat Soviet armor capabilities.

With regard to the Navy, we strongly urge the retention of 14-carrier battle groups as the minimum number required to ensure U.S. on-scene responses to world trouble spots and to project both sea and air power. We are supportive of development and production of the A-12 aircraft, the Navy Advanced Tactical Fighter and the V-22 Osprey (Tilt-Rotor) aircraft for the Marine Corps.

The Air Force's strategic modernization program includes the timely acquisition of Peacekeeper missiles, development of the small ICBM and Peacekeeper missiles in rail garrison, and deployment of a mixed strategic bomber force of B-2 bombers and advanced cruise missiles. Greater emphasis and priority needs to be placed on our global airlift capabilities with the production of the C-17 aircraft. Continued production of F-15 and F-16 aircraft, development of the Advanced Tactical Fighter, and continued production of the Advanced Medium Range Air-to-Air Missile (AMRAAM) and the Low Altitude Navigation and Targeting System (LANTIRN) weapons system are needed to enhance the effectiveness of our tactical fighter forces.

These modernization efforts must continue if our soldiers, sailors, Marines and airmen are to have the best available in modern tools for combat. They can deploy, fight and win, or impose the policy and will of the United States only if they are properly equipped and trained. Without troop levels of highly skilled, dedicated men and women, however, even the most sophisticated weaponry will not provide the deterrent force necessary for this nation to remain at peace.

Mr. Chairman, The American Legion strongly supports full-funding for the high school and collegiate Reserve Officer Training Corps programs. These ROTC programs, particularly at the high school level, are highly valued in communities throughout the country. They are noted for their character and discipline-building qualities which contribute immensely to making our youth better citizens. ROTC programs are cost-effective and, at the college-level, are the largest source of commissioned officers for the Total Force.

Since its beginning, The American Legion has been a strong advocate of the citizen soldier concept. We urge the Congress to continue to authorize and fund the most modern weapons systems for use by the Reserve Components. Undoubtedly, the Reserves and the National Guard stand to gain separating active duty service members. Hence, the Reserve Components need to be fully funded and yet will still require recruiting and retention incentives to fully man units at authorized wartime levels so they may accomplish their missions in the event of war.

According to the Federal Emergency Management Management Agency (FEMA), this country averages from 15 to 26 natural disasters a year, and the National Guard and Reserves provide significant disaster relief assistance. Both the Guard and Reserves, in addition to Active Duty units, performed commendably during last year's Hurricane Hugo and California Earthquake disasters.

Mr. Chairman, attached to this statement are relevant resolutions passed by the last National Convention of The American Legion. We would ask you to accept them in the spirit of their having been offered by concerned citizens who have seen what happens when foreign policy fails, or when some foreign power perceives that the United States is unwilling, or unready, to defend its national interests. We thank you for this opportunity.

NATIONAL EXECUTIVE COMMITTEE MEETING
OF
THE AMERICAN LEGION
INDIANAPOLIS, INDIANA
OCTOBER 12-13, 1988

RESOLUTION NO.: 11

SUBJECT: MILITARY MEDICAL CARE

COMMITTEE: NATIONAL SECURITY

WHEREAS, Department of Defense Military Installations provide medication and medical services to active duty personnel, their dependents and military retirees and their dependents as recommended by military or private doctors; and

WHEREAS, Medical support for these beneficiaries is woefully inadequate; and

WHEREAS, Some installations have eliminated certain medications for retirees and their dependents while continuing the same medication to active duty personnel based on funding considerations; and

WHEREAS, A nonavailability statement authorizes the beneficiary to utilize local civilian medical facilities and claim renumeration for costs incurred by using the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS); and

WHEREAS, CHAMPUS limitations place a heavy burden on service personnel, and many must accept heavy debts to secure the medical care their families need; and

WHEREAS, CHAMPUS has three major differences from commercial medical insurance programs:

1) CHAMPUS limits procedural payments to no more than what eight out of ten facilities in the area charge for those procedures and obtaining current information used to establish present rates is very difficult.

2) CHAMPUS requires a deductible of $50.00 to $100.00.

3) CHAMPUS requires 20 to 25 percent coinsurance to be borne by the recipient. However, in a distinct difference with commercial major medical coverage, there is no limit to the recipient's upper liability; and

SEVENTIETH NATIONAL CONVENTION
OF
THE AMERICAN LEGION
LOUISVILLE, KENTUCKY
SEPTEMBER 6, 7, 8, 1988

RESOLUTION NO: 42

SUBJECT: MILITARY PAY AND QUALITY OF LIFE

COMMITTEE: NATIONAL SECURITY

WHEREAS, People are the foundation of our Nation's fighting force; and

WHEREAS, Without highly qualified, dedicated men and women, even the most sophisticated weaponry will not provide the deterrent force necessary for this Nation to remain at peace; and

WHEREAS, Military pay must be reasonably comparable to pay available in the private sector if the Armed Services hope to compete for quality volunteers and retain an experienced military force for the long term; and

WHEREAS, While pay raises have kept pace with inflation, they have not maintained comparable wage growth with the private sector; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Louisville, Kentucky, September 6, 7, 8, 1988, that Congress must restore and maintain military pay comparability, or we may, in the long run, see an exodus of those with highly transferable skills and find it extremely difficult to recruit quality personnel; and, be it further

RESOLVED, That Congress must strive to improve those "quality of life" elements which they can influence, such as: improving Aviation Career Incentive Pay, improving medical and dental services, maintaining commissary and exchange store privileges, preserving an attractive retirement system, and maintaining favorable tax treatment of allowances.

SEVENTIETH NATIONAL CONVENTION
OF
THE AMERICAN LEGION
LOUISVILLE, KENTUCKY
SEPTEMBER 6, 7, 8, 1988

RESOLUTION NO: 47
SUBJECT: MILITARY COMMISSARY OPERATIONS
COMMITTEE: NATIONAL SECURITY

WHEREAS, The President's Private Sector Survey on Cost Control has recommended that the Department of Defense should terminate the operation of the commissaries in the continental United States except in areas where adequate commercial food stores are not available; and

WHEREAS, The DOD Third Quadrennial Review of Military Compensation (1976) indicated that the value perceived by the service member substantially outweighs the government costs; therefore, commissaries provide physic income that far exceeds the cost; and

WHEREAS, The Joint Chiefs of Staff on January 13, 1983, recommended that the President resist any attempt to alter military retirement to include benefits; and

WHEREAS, Reduced commissary support would undermine the morale of married careerists which is a key element of military preparedness, it would also be devastating to (1) junior enlisted families; (2) widows; and (3) the 100 percent service-connected disabled veterans eligible for commissary patronage; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Louisville, Kentucky, September 6, 7, 8, 1988, that we strongly support retention of the military commissary system and urge the Administration and the Congress to provide necessary authorization and funding to allow the system to be preserved as an institutional support for our active duty military, military retirees, 100 percent service-connected disabled veterans and widows authorized commissary privileges.

SEVENTIETH NATIONAL CONVENTION
OF
THE AMERICAN LEGION
LOUISVILLE, KENTUCKY
SEPTEMBER 6, 7, 8, 1988

RESOLUTION NO: 48

SUBJECT: TOTAL FORCE POLICY

COMMITTEE: NATIONAL SECURITY

WHEREAS, Under the Total Force Policy, Reserve Components are a key element of the total force; and

WHEREAS, In the event of war, Reserve Components would deploy alongside Active Component units, their missions demanding that they be as capable and ready as their active-duty counterparts; and

WHEREAS, It is necessary that our Reserve Components be equipped with the latest weapon systems on a "first-to-fight, first to be equipped" basis if they are to be effective; and

WHEREAS, Current programs call for increased manning, training and readiness; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Louisville, Kentucky, September 6, 7, 8, 1988, that Congress be called upon to authorize and fund the most modern weapons systems for use by the Reserve Components; and, be it further

RESOLVED, That we urge Congress to authorize and fund the Reserve Components so as to provide sufficient recruiting and retention incentives to fully man units at the authorized wartime levels in order that they may accomplish their missions in the event of war.

SEVENTIETH NATIONAL CONVENTION
OF
THE AMERICAN LEGION
LOUISVILLE, KENTUCKY
SEPTEMBER 6, 7, 8, 1988

RESOLUTION NO: 62

SUBJECT: UNEMPLOYMENT BENEFITS FOR VETERANS

COMMITTEE: ECONOMICS

WHEREAS, Employees when found unemployed due to no fault of their own, are eligible to receive unemployment benefits after one (1) week and for a maximum number of 26 weeks; and

WHEREAS, Veterans being discharged after successfully completing their enlistment must wait four (4) or more weeks to become eligible for unemployment benefits and are eligible for only a maximum of 13 weeks; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Louisville, Kentucky, September 6, 7, 8, 1988, that The American Legion hereby recommends our national headquarters seek legislation to limit the number of weeks a veterans must wait to be found eligible and the number of weeks of eligibility for unemployment benefits to be the same as for the civilian labor force.

SEVENTIETH NATIONAL CONVENTION
OF
THE AMERICAN LEGION
LOUISVILLE, KENTUCKY
SEPTEMBER 6, 7, 8, 1988

RESOLUTION NO: 181

SUBJECT: PEACEKEEPER MISSILE SYSTEM

COMMITTEE: NATIONAL SECURITY

WHEREAS, The Peacekeeper Missile System is the foundation of the Air Force ICBM Modernization Program; and

WHEREAS, The Scowcroft Commission recommended deploying 100 Peacekeeper Missiles in existing Minuteman Silos to counter the Soviet ability to destroy hardened land based targets, to demonstrate U.S. national will and to provide incentive for arms control; and

WHEREAS, The Congress has approve deployment of 50 Peacekeeper Missiles in existing Minuteman Silos and Congress further directed that deployment of missiles beyond 50 would be subject to Congressional approval of a more survivable basing mode; and

WHEREAS, On the basis of extensive studies the President has selected the Rail-Garrison mode for development; and

WHEREAS, The Air Force has concluded that the Rail-Garrison mode will meet the surviability concerns of Congress as well as the security and deterrent needs of the United States for today and well into the future; and

WHEREAS, The deployment of the Peacekeeper day-to-day in secure areas and dispersing it during times of increased tension, will diversify our strategic forces, enhance deterrence and promote stability; and

WHEREAS, The deployment of the said Peacekeeper Missiles is necessary to encourage the Soviets to engage seriously in negotiating strategic arms reduction; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Louisville, Kentucky, September 6, 7, 8, 1988, that The American Legion supports the continued testing and evaluation of the Peacekeeper Missile System, the funding of additional missiles, and the construction of facilities and the development of the Rail-Garrison basing option, and the continued production and deployment of an adequate number of said Peacekeeper Missiles.

SEVENTIETH NATIONAL CONVENTION
OF
THE AMERICAN LEGION
LOUISVILLE, KENTUCKY
SEPTEMBERR 6, 7, 8, 1988

RESOLUTION NO: 237

SUBJECT: SUPPORT ROTC PROGRAM

COMMITTEE: NATIONAL SECURITY

WHEREAS, It has always been the policy of The American Legion to support the maintenance of the Selective Service System, in order that our nation have available a "ready manpower reserve," and this policy was re-emphasized at the 68th National Convention by Resolution No. 423 from the Department of Nebraska and Resolution No. 424 from the Department of Michigan; and

WHEREAS, Contained in the aforementioned resolutions is the stated support of the registration system, and support of the local boards in the obtaining of that registration; and

WHEREAS, The present law mandates that such male shall register at the Post Office of his mailing address upon his 19th birthday, in order that the registrant be included in the computer system so dedicated to that purpose; and

WHEREAS, There have been many instances of flagrant violations of the present law, and instances where many who have failed to register have obtained educational loans from various governmental and private sources to further their education, a matter that upsets the equitable balance of the fairness that the present system was meant to employ, and in order that all who require educational loans from any governmental agency, and in keeping with the policy of The American Legion of providing adequate education for all law-abiding citizens; and

WHEREAS, Most governmental agencies referred to herein are subsidized in whole or in part with federal funds; now, therefore be it

RESOLVED, By The American Legion in National Convention assembled in Louisville, Kentucky, September 6, 7, 8, 1988, that it does advocate the passage of such law that would require any citizen of the United States of America, and prior to application for a County School loan or Educational loan from any governmental agency, that such applicant be in conformance with the registration requirement of the present Selective Service Law, and that any present loan recipients found not to be in compliance with such law, should immediately have such benefits revoked.

SEVENTY-FIRST NATIONAL CONVENTION
OF
THE AMERICAN LEGION
BALTIMORE, MARYLAND
SEPTEMBER 5, 6, 7, 1989

RESOLUTION NO: 245

SUBJECT: 14-CARRIER BATTLE GROUP NAVY

COMMITTEE: NATIONAL SECURITY

WHEREAS, The Navy is tasked to meet a wide variety of far-flung national commitments, and U.S. guarantees and presence are often secured only by Naval forces, particularly in the Middle East; and

WHEREAS, The Joint Chiefs of Staff have determined that U.S. needs more than 20 fully structured, manned and supported carrier battle groups to execute the no risk national military strategy with a reasonable assurance of success; and

WHEREAS, A 14-carrier battle group Navy is the prudent risk force level endorsed by the President and the 97th, 98th and 99th Congress as necessary to carry out our global peacetime commitments; and

WHEREAS, Based on a rigorous assessment of the global threat to national security objectives, our defense strategy requires 14 deployable carrier battle groups as a peacetime minimum; and

WHEREAS, Any reduction in total carriers available immediately translates to increased operational/personnel tempo, which has historically had an adverse impact on personnel retention and accelerated the degradation in the material condition of ships and aircraft; and

WHEREAS, The 14 carrier battle groups we have today have demonstrated time and time again that they are the single most visible and tangible evidence that the national interest of the United States will be protected around the world; and

WHEREAS, Historically, the Navy has been the force of choice for every Administration since World War II to protect our vital interests and meet our allied commitments; and

SEVENTIETH NATIONAL CONVENTION
OF
THE AMERICAN LEGION
LOUISVILLE, KENTUCKY
SEPTEMBER 6, 7, 8, 1988

RESOLUTION NO: 263
SUBJECT: STRATEGIC DEFENSE INITIATIVE
COMMITTEE: NATIONAL SECURITY

WHEREAS, The U.S. has successfully deterred nuclear attack for 40 years through the threat of retaliation, but new technologies may offer improved deterrence through the possibility of the addition of defensive measures against missile attack; and

WHEREAS, A defense designed to intercept missiles, as opposed to a policy of unlimited nuclear retaliation, adheres to the principles of proportionality and discrimination, destroying only enemy nuclear weapons and imposing no harm on innocent, noncombatant life; and

WHEREAS, Even a partially effective strategic defense system would proportionately decrease the effectiveness of Soviet nuclear forces, further contributing to deterrence; and

WHEREAS, Current investment in the Strategic Defense Initiative represents only about 1% of the DOD budget; and

WHEREAS, The Strategic Defense Initiative has compelled the Soviet Union to return to the bargaining table and has spurred concessions from the Soviet Union in arms control negotiations; and

WHEREAS, The Soviet Union has been quietly, but purposefully, developing and deploying elements of their own strategic defense, including anti-ballistic missiles, ground-based lasers and phased-array radars; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Louisville, Kentucky, September 6, 7, 8, 1988, that the U.S. proceed deliberately and resolutely toward the development and deployment of a strategic defense system; and, be it further

RESOLVED, That as elements of a strategic defense system, such as ground-based lasers or kinetic kill vehicles, achieve mature development, they should be deployed; and, be it further

RESOLVED, That the Strategic Defense Initiative should not be relinquished in order to achieve negotiation concessions from the Soviet Union.

SEVENTIETH NATIONAL CONVENTION
OF
THE AMERICAN LEGION
LOUISVILLE, KENTUCKY
SEPTEMBER 6, 7, 8, 1988

RESOLUTION NO : 265

SUBJECT: MILITARY RETIREMENT SYSTEM (COLA)

COMMITTEE: NATIONAL SECURITY

WHEREAS, The Gramm-Rudman-Hollings deficit reduction bill eliminated cost-of-living adjustments (COLA) for retired military and civilian personnel for Fiscal 1986; and

WHEREAS, The Administration's budget request for Fiscal 1987 recommended no cost-of-living adjustments (COLA); and

WHEREAS, Since 1958, the Congress has slowly developed "an automatic mechanism, which would, in the last analysis, guarantee every military retired member that the purchasing power of retired pay to which he was entitled at the time of retirement would not, at any time in the future, be eroded by subsequent increases in consumer prices," (HASC Committee Print #17, Title 27, U.S. Code, May 1982); and

WHEREAS, Since then reductions in the frequency of the adjustment, a series of delays and the implementation of the Gramm-Rudman-Hollings deficit reduction Act have not supported this guarantee; and WHEREAS, If the no-COLA provision remains in effect for the duration of the Gramm-Rudman-Hollings bill (5 years), the real value of retired pay would shrink some 20 percent; and

WHEREAS, The perceptions produced by the continued attacks on military retirement pay have created some disturbing trends in retention rates of retirement-eligible personnel; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Louisville, Kentucky, September 6, 7, 8, 1988, that Congress preserve the guarantee of purchasing power for retired military and civilian personnel by insuring that future cost-of-living adjustments are consistent with inflation factors.

SEVENTIETH NATIONAL CONVENTION
OF
THE AMERICAN LEGION
LOUISVILLE, KENTUCKY
SEPTEMBER 6, 7, 8, 1988

RESOLUTION NO: 329

SUBJECT: DISLOCATED WORKERS

COMMITTEE: ECONOMICS

WHEREAS, During the past decade the Nation has been in a state of transition from an industrial to a post-industrial economy, resulting in substantial economic turbulence, with widespread plant closures, loss of family farms, and unemployment; and

WHEREAS, The Department of Labor estimates that over five million workers have been dislocated from their jobs since 1979, of whom 1,250,000, or 26 percent, are veterans; and

WHEREAS, Many veteran dislocated workers are also older workers, whose careers have been interrupted and who are experiencing additional job finding difficulties associated with age discrimination; and

WHEREAS, Recent studies have also shown that recently discharged service personnel have difficulty in translating military skills and experience to civilian experience, with consequent job finding difficulty and delay in entering the economic mainstream; and

WHEREAS, Veterans have been underserved by the dislocated workers program authorized under Title III of the Job Training Partnership Act (JTPA); now therefore be it

RESOLVED, By The American Legion in National Convention assembled in Louisville, Kentucky, September 6, 7, 8, 1988, that The American Legion seek legislation to target, as a critical segment of the workforce, dislocated workers who are veterans in any national program for dislocated workers; and be it further

RESOLVED, That the Assistant Secretary of Labor for Veterans Employment and Training: 1) conduct research into the causes of job dislocation among veterans; and 2) develop a pilot program under Title IV-C of JTPA which specifically addresses their employment needs; and be it further

RESOLVED, That recently discharged military veterans be included as an eligible group to be served under any national programs for dislocated workers; and be it finally

RESOLVED, That The American Legion seek legislation to waive the unemployment eligibility requirement for dislocated workers desiring to participate in the Veterans Job Training Act program.

SEVENTIETH NATIONAL CONVENTION
OF
THE AMERICAN LEGION
LOUISVILLE, KENTUCKY
SEPTEMBER 6, 7, 8, 1988

RESOLUTION NO: 353
SUBJECT: MODERNIZE THE U.S. NAVY
COMMITTEE: NATIONAL SECURITY

WHEREAS, Water covers three quarters of the world, and the United States is an "island continent" washed by the shores of the Atlantic and Pacific Oceans; and

WHEREAS, The Soviet Navy's postwar expansion has created an offense oriented blue water force as a major element in the Soviet Union's global reach that supports expanding Soviet influence from Nicaragua to Vietnam to Ethiopia; and

WHEREAS, Soviet use of sea power has allowed them to challenge U.S. influence in areas of the world most critical to the security of the United States; and

WHEREAS, Our national survival and the security of our allies depend on the ability of the United Stats to maintain sea superiority in order to foster the strategic sealift capability, power projection capability and the strategic combat capability of the U.S. Navy; and

WHEREAS, There is under construction and fully funded all of the ships necessary to attain a 600 ship Navy centered on 15 carrier battle groups, four battleship surface action groups, and 100 nuclear-powered attack submarines; and

WHEREAS, To sustain the 600 ship Navy, a "sustaining rate" of an average of 20 ships per year in new construction will be required; and

WHEREAS, On the 75th Anniversary of Naval Aviation, the U.S. Navy and U.S. Marine Corps have superbly shown the United States' ability to project power, when and where needed to uphold U.S. Foreign Policy; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Louisville, Kentucky, September 6, 7, 8, 1988, that we support current and future Defense budget to reflect a "sustaining rate" of an average of 20 ships; and, be it further

RESOLVED, That we support the continuing modernization of Navy and Marine Corps aircraft including the F-14 Tomcat, F/A-18 Hornet, A-6 Intruder, AV-8B Harrier, P-3C Orion, CH/Mh-53E Super Stallion, V-22 Osprey, and E-6A TACAMO.

SEVENTIETH NATIONAL CONVENTION
OF
THE AMERICAN LEGION
LOUISVILLE, KENTUCKY
SEPTEMBER 6, 7, 8, 1988

RESOLUTION NO: 370
SUBJECT: MODERNIZE THE U.S. AIR FORCE
COMMITTEE: NATIONAL SECURITY

WHEREAS, The free world has learned a very hard lesson; weakness and appeasement lead not to peace, but to war; and

WHEREAS, To keep the peace, we have to maintain strong deterrent forces while we seek equitable and verifiable arms reductions agreements with the Soviet Union; and

WHEREAS, Modernization of our strategic offensive forces was generally deferred during the 1970's; and

WHEREAS, The Soviets have modernized their ICBM forces and have also deployed over 440 SS-20 intermediate range nuclear missiles, of which two-thirds can cover all of Europe and the Middle East; and

WHEREAS, To maintain credible deterrence and a stable nuclear balance, the President, in October 1981, directed the U.S.Air Force to undertake the first comprehensive modernization of our strategic forces since they were built in the 1950's and 1960's; and

WHEREAS, Seventeen major studies since 1974 have found, in every case, that airlift requirements far exceed capabilities; and

WHEREAS, The Congressionally Mandated Mobility Study (CMMS)has concluded programmed mobility capability could not meet current or project requirements, resulting in the CMMS recommending an Air Force capable of providing a minimum objective of 66 million tons per day (MTM/D) of intertheater airlift capability with one-half of the additional forces outsized capability; and

WHEREAS, The only means available to the ground combat forces to deploy and sustain their power is either by air or water; with airlift being the only means likely to have any significant effect; and

WHEREAS, Due to steady growth in Soviet military power and steady improvement in the combat capabilities of their tactical forces, the USAF needs to continue to modernize and expand its own tactical air force; and

WHEREAS, The highest priority for our general purpose forces is to improve readiness and sustainability; and

WHEREAS, Since FY 81 the USAF has more than doubled funding for munitions and spare parts and will continue to fund spares and munitions at the highest possible level; and

WHEREAS, The Soviets are producing approximately 1000 modern tactical fighters per year in contrast with our requested 264; and the Soviet tactical and theater air fores consists of over 6,000 fighters, interceptors, fighterbombers, and medium bombers; and

WHEREAS, The first consideration in employing aerospace forces is gaining and maintaining freedom of action to conduct operations against enemy forces; and

WHEREAS, We cannot expect to achieve numerical superiority against Soviet forces, even with the cooperation of allies; and

WHEREAS, We must exploit our current technological leadership to maintain and improve our qualitative advantage in fighter aircraft, engines, weapon systems and missiles; and

WHEREAS, In space, both the Soviets and the U.S. are dependent largely on satellites for warning, communications, and command and control of their forces world-wide; the Soviets have launched four or five times as many satellites over the past decade as the United States and have the world's only operational space weapons system; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Louisville, Kentucky, September 6, 7, 8, 1988, that we support:

(1) As a first priority, the USAF's efforts to update strategic modernization. With timely acquisition of 100 Peacekeeper missiles, development of the small ICBM, and deployment and development of a mixed Strategic Bomber forces of B-1B's and ATB's; and

(2) The USAF's greater emphasis and higher priority on global airlift capabilities with deployment and development of the C-5B and C-17 aircraft at the earliest possible time; and

(3) The USAF's continuing goal to adequately fund readiness items and build toward required sustainability levels; and

(4) The USAF's efforts to improve the effectiveness and quantity of its tactical fighter forces available for air-to-air and air-to-ground combat, by achieving the 40 TFW goal by early 1990; development and deployment of the Advanced Tactical Fighter, Advanced Medium Range Air-to-Air Missile (AMRAAM) and the Low Altitude Navigation and Targeting System for Night (LATERN) weapon systems; and

(5) The USAF's continuing effort in support of national priorities in space and the promising Strategic Defense Initiative; and

(6) The USAF's continued work to improve vitally important tactical Command, Control, Communications and Intelligence (C31), in conjunction with the other Services, particularly the Army and Marine Corps; and

(7) The USAF's close coordination with the other services to avoid duplicating assigned missions.

SEVENTY-FIRST NATIONAL CONVENTION
OF
THE AMERICAN LEGION
BALTIMORE, MARYLAND
SEPTEMBER 5, 6, 7, 1989

RESOLUTION NO: 92

SUBJECT: EDUCATIONALLY DISADVANTAGED VETERANS

WHEREAS, Subchapter V, Title 38 United States Code (USC), contains provisions to provide special assistance for educationally disadvantaged veterans, and the Department of Veterans Affairs reports that veterans' median education is 12.7 years, and the least common source of civilian employment qualification training and additional training is military service; and

WHEREAS, Bureau of Labor Statistics data reflect educational attainment of the United States labor force has increased significantly over the past decade, and that approximately 46 percent of the labor force have more than a high school education, and groups with the highest education experience lower incidence of unemployment, and personal income increases with advanced education; and

WHEREAS, The median years of education required by new jobs created between now and the year 2000 will be 13.5 compared to 12.8 years for the current work force, and the economic challenge of the future requires upgrading the job skill levels of 25 million American workers by 40 percent; and

WHEREAS, A common trait of today's veterans is a level of education slightly less than 13 years, and many veterans have lost educational entitlements through mandated delimiting dates, thus in context of the "Workforce 2000" hypothesis have obtained an artificial barrier to employment; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Baltimore, Maryland, September 5, 6, 7, 1989, that we call upon the Congress to enact legislation to revitalize the intent of the "GI Bill," in particular section 1662(a)(3) and 1691 Title 38, USC, which will redefine educationally disadvantaged less than 14 years education, and providing assistance on a recurring basis to those veterans who are educationally disadvantaged or requiring vocational training; and be it further

RESOLVED, That we petition the Congress to refine the Veterans' Educational Outreach Program authorized by Title IV of the Higher Education Amendment Act of 1986, to encourage veterans, in particular those who are dislocated and without Department of Veterans Affairs education entitlements, to pursue remedial skill training and education. In view of the current cost per credit hour at community colleges, tuition assistance for disadvantaged veterans should be incorporated into this program; and be it further

RESOLVED, That we support cooperative education programs which capitalize upon two year colleges, and that we support private learning centers offering alternating or parallel periods of employment and study for veterans so that they may be competitive in the rapidly changing "Workforce 2000" labor force.

SEVENTY-FIRST NATIONAL CONVENTION
OF
THE AMERICAN LEGION
BALTIMORE, MARYLAND
SEPTEMBER 5, 6, 7, 1989

RESOLUTION NO: 102

SUBJECT: BASIC SKILLS PILOT PROGRAMS PRIOR TO SEPARATION FROM MILITARY SERVICE

WHEREAS, Approximately 200,000 service people leave the military services each year and seek employment in civilian occupations; and

WHEREAS, A very high percentage of this group does not have the basic skills and knowledge needed in order to conduct a successful job search; and

WHEREAS, There are two successful pilot programs presently being conducted specifically for the purpose of teaching necessary skills such as resume writing and job interview techniques; and

WHEREAS, This employment related program should be conducted when needed most -- just prior to separation from the service; and

WHEREAS, These programs are absolutely essential to make a smooth transition into the civilian labor force; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Baltimore, Maryland, September 5, 6, 7, 1989, that The American Legion hereby urge the Congress of the United States to enact legislation to establish a permanent pre-separation employment program at all military discharge facilities, which will be staffed in cooperation with the Department of Labor's Employment and Training Service personnel; this program to commence for separatees not more than 90 days nor less than 60 days prior to discharge; and be it further

RESOLVED, that we request the Assistant Secretary for Veterans Employment and Training (ASVET) to make a concentrated effort to coordinate with the Department of Defense in order to expand these programs to all military installations throughout the country.

SEVENTY-FIRST NATIONAL CONVENTION
OF
THE AMERICAN LEGION
BALTIMORE, MARYLAND
SEPTEMBER 5, 6, 7, 1989

RESOLUTION NO: 105

SUBJECT: VETERANS' VOCATIONAL TRAINING AND RETRAINING PROGRAM

WHEREAS, The United States Department of Labor has conducted a study entitled, "Workforce 2000, Work and Workers for the 21st Century;" and

WHEREAS, The Congress of the United States conducted a study entitled, "Technology in Structural Unemployment, Re-employed Displaced Adults;" and

WHEREAS, Neither of these studies specifically addresses the employment and training needs of veterans; and

WHEREAS, There are 27.8 million veterans living in the United States and Puerto Rico as of March 31, 1986, a number which is expected to decline to 24 million by the turn of the century; and

WHEREAS, Veterans represent a significant portion of our national labor force; and

WHEREAS, Current and proposed legislative initiatives to develop employment and training programs to meet the dynamic changes that are taking place within our nation's labor force do not address the needs of veterans; now therefore be it

RESOLVED, By The American Legion in National Convention assembled in Baltimore, Maryland, September 5, 6, 7, 1989, that The American Legion request Congress to cooperate with the Department of Labor to establish a Veterans Vocational Training and Retraining Program that will

1. Facilitate veteran worker adjustment to relocation and new occupational skills;
2. Provide temporary income support during training and retraining;
3. Oppose obsolescence through ongoing basic adult education;
4. Stimulate employer participation through tax credits for employee training programs and incentives to defray cost of training similar to the current Veterans' Job Training Act;
5. Provide flexibility to the service provider to tailor program assistance to the needs of the veterans and geographic area served;
6. Establish a Veterans' Vocational Training and Retraining Entitlement Program administered by the Assistant Secretary for Veterans' Employment and Training, US Department of Labor; and be it further

RESOLVED, That we urge the Congress to appropriate not less than $60 million per year for the purpose of administering this Veterans' Vocational Training and Retraining Program.

SEVENTY-FIRST NATIONAL CONVENTION
OF
THE AMERICAN LEGION
BALTIMORE, MARYLAND
SEPTEMBER 5, 6, 7, 1989

RESOLUTION NO: 191

SUBJECT: TACTICAL FIGHTER FORCES

COMMITTEE: NATIONAL SECURITY

WHEREAS, Soviet conventional capabilities have continued to increase despite the announced Soviet doctrinal changes; and

WHEREAS, Their conventional aircraft which now include highly maneuverable fighters armed with look-down/shoot-down ordnance are becoming increasingly comparable to existing U.S. Air Force systems and as such threaten the ability of the Air Force to provide air superiority necessary to provide freedom of action in allied theater forces; and

WHEREAS, To meet this threat the Air Force has two priority programs, the Advance Tactical Fighter (ATF) and the Advance Medium Range Air-to-Air Missile (AMRAAM) which programs are deemed necessary to maintain Air Force superiority; and

WHEREAS, The ATF will incorporate low observable technology, supersonic cruise and maneuver and advanced avionics to yield both lethality and survivability far superior to any current aircraft and development continued toward an initial operating capability in the latter half of the 1990's for the said ATF; and

WHEREAS, The AMRAAM now in a low rate production is undergoing an extensive test program with a success rate of near 80% with the test program scheduled for completion in time to support a full rate production decision in the Fall of 1990; and

WHEREAS, AMRAAM will provide a launch-and-maneuver, multiple-kills-per-engagement capability necessary against numerically superior forces as well as improved resistance to electronic counter measures over existing radar missiles; and

WHEREAS, The United States Air Force continues modernization of its ground attack forces, including the operational capability of the F-15E to be achieved in the Fall of 1989 which will provide an urgently required all weather deep penetration capability and the LANTIRN system will reach operational capability in 1989, enabling F-15E's and F-16's to conduct night interdiction missions which capability will provide theater commanders with a highly effective means of disrupting massed mechanized forces during the march to combat and, where necessary in the close battle; and

WHEREAS, The Air Force has requested funds to procure 150 multi-role F-16's in fiscal year 1990 and the F-16's now being procured will enjoy all weather attack and air superiority capabilities far beyond those of earlier models; and

WHEREAS, The Air Force places a high priority in close air support/battlefield air interdiction to provide direct support to the air/land battle and the increased enemy air defense threat and the follow on forces attack concept of operations have resulted in the need to replace the A-10A through acquiring a follow-on CAS/BAI aircraft and the upgrading of three wings of A-10 for continuing use for the close in battle and for longer term use as a low intensity conflict aircraft and as forward air control platforms and the Air Force also seeks funds to upgrade two wings of the F-16's to configure more specialized for the close air support and battlefield air interdiction roles; and

WHEREAS, The systems as proposed will provide capability beyond that of current forces, but the fighter force structure is being reduced from 37 wings to 35 wings in the Air Force because of budget cuts which will entail an increased risk to the ability of the Air Force to perform its function in achieving defense goals in a major conflict; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Baltimore, Maryland, September 5, 6, 7, 1989, that the American Legion urges the support and funding of the Advance Tactical Fighter Program and the Advance Medium Range Air to Air Missile Program as well as the modernization of ground attack forces, including the F-15E and LANTIRN and the procurement of 150 multi-role F-16's in fiscal year 1990, the acquiring of a follow-on CAS/BAI aircraft and the funding to upgrade of three wings of A-10's amd the funding to upgrade two wings of F-16's.

SEVENTY-FIRST NATIONAL CONVENTION
OF
THE AMERICAN LEGION
BALTIMORE, MARYLAND
SEPTEMBER 5, 6, 7, 1989

RESOLUTION NO: 335

SUBJECT: V-22 OSPREY (TILT-ROTOR) AIRCRAFT

COMMITTEE: NATIONAL SECURITY

WHEREAS, American taxpayers have to date, made an enormous investment in developing the revolutionary technology for the V-22 (tilt-rotor) "Osprey" aircraft program; and

WHEREAS, This investment should be recognized, supported, and optimized; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Baltimore, Maryland, September 5, 6, 7, 1989, that this program be fully restored in the Defense appropriations bills (FY 90-95) thereby beginning the immediate acquisition of the V-22; and, be it further

RESOLVED, That its critical future role within the Armed Forces, especially the Marine Corps "Over the Horizon" assault mission, be acknowledged; and, be it finally

RESOLVED, That the importance of the revolutionary technology of the V-22 (tilt-rotor) to commercial aviation and its potential to reduce our trade imbalance be highlighted and encouraged.

Senator INOUYE. Mr. Duggan, I thank you very much.

I wish I could speak for the committee, but as chairman of this subcommittee may I tell you that I concur with every item that you have cited in your statement. In fact, I could add a few more to suggest why we should be a bit more cautious than suggested by some of my colleagues.

At this moment, the Soviet Union would be strategically much more capable and much more powerful than they were before the coming of Gorbachev. One gets the impression that with glasnost and perestroika peace has come upon this planet finally, but they are building aircraft carriers; the construction and production of submarines and ICBM's are going on as scheduled. While we are debating in the Congress whether we should have mobile ICBM's or small ICBM's, the Soviets have already not only developed but deployed over 250 mobile ICBM's. The Soviet Navy, although several ships have been decommissioned, they have been replaced by much more lethal weapons, much more lethal ships, much more capable ships.

PERSONNEL

So militarily, especially strategically, they are in better shape today and they will be in better shape 4 years from now. I think that should be a matter of concern to us. I think we should be concerned about what is happening in the Third World, because we may have all the agreements among super powers, but if something blows up in a Third World, whether it be Korea or Pakistan, India or the Middle East, we are going to be, I believe, sorely tested and may be involved.

As to your concern about personnel having served in the military, like all of you, I too am very concerned. So if you look at the bill that we have prepared and we are preparing, you will notice that the highest priority goes to personnel.

Mr. **Duggan**. Thank you, sir.

Senator **Inouye**. In our supplemental appropriations conference that we have just concluded, CHAMPUS has been covered, the pay raise has been covered, so I wish you would assure all of those who have expressed concern that we in the Congress have heard their plea and that we will respond accordingly.

Now, I would hope that this message of concern and caution will be conveyed to the Members of this Congress, and I ask all of you in the service organizations to gear up your personnel and start moving the troops out here. It may help us.

So with that I thank you very much and give you my assurance that I will continue to march in step with you, sir.

Mr. **Duggan**. Thank you, sir. It was an honor to appear before you.

Senator **Inouye**. Thank you.

Reserve Officers Association of the United States

STATEMENT OF BRIG. GEN. ROSS G. PICKUS, USAR, DIRECTOR, ARMY AFFAIRS, RESERVE OFFICERS ASSOCIATION OF THE UNITED STATES

Senator **Inouye**. Our next witness is the director of Army affairs, Reserve Officers Association of the United States, Brig. Gen. Ross G. Pickus.

General?

General **Pickus**. Good morning, Mr. Chairman. On behalf of the more than 115,000 Reserve Officer Association members from each of the uniformed services, we appreciate the opportunity to present the association's views and concerns related to the Reserve components and the fiscal year 1991 Department of Defense budget request.

GUARD AND RESERVE

ROA expresses its gratitude to the subcommittee for its continuing support of the Guard and Reserve. The high state of readiness of the Reserve forces can largely be attributed to the actions taken by this panel. The Congress has repeatedly added personnel end strengths and equipment procurement funding over that requested by DOD for the Guard and Reserve, and has addressed personnel issues to the management of Reserve forces.

It is important to ROA that it not be perceived as opposing all reductions of Reserve forces. The association is not oblivious to the pressures to reduce defense spending both as a result of budget constraints and a lessening of the threat, and it understands the wisdom of certain reductions. ROA certainly does not advocate keeping support units and the Reserve components after the force structure being supported has been eliminated. Changes, including reductions, should be made wisely and after a comprehensive analysis.

The Reserve components of the 1980's have met the challenges both at home and abroad and have demonstrated their leadership and readiness to get the job done in a most cost-effective manner. While ROA opposes making major budget-driven reductions in the Reserve components until after the completion of the total force study, modernization of the Reserve forces cannot wait.

RETIREMENT BENEFITS

Before addressing each of the services individually, I would like to call the committee's attention to concerns that relate to all of the services. First, sir, is the gray area—no-cost retirement benefits. Upon completion of 20 or more years of satisfactory Federal service and attaining the statutorily required age of 60, members of the Reserve components are eligible to receive retired pay plus the other benefits associated with military retirement.

Prior to reaching age 60, however, members of the Retired Reserve receive none of the benefits associated with their military service. Therefore, many reservists remain in the Ready Reserve status as long as possible. Some of these individuals remain in the Selected Reserve and are blocking advancement of junior personnel. Others remain in the individual Ready Reserve accruing retirement points. We feel that by providing no-cost, space a travel, commissary and exchange privileges, access to morale, welfare, and recreational facilities, et cetera, immediately upon retirement, ready reservists will be provided an incentive to retire earlier, making the force more manageable.

ROA does not advocate providing pay for medical benefits prior to age 60, but by permitting gray area retirees to use MWR facilities the services would be able to increase revenues in a much-needed area at no expense to the taxpayer. ROA recommends that this committee support gray area benefits as a tool to improve reserve force management.

HEALTH CARE PROFESSIONALS

No testimony, sir, by this association, would be complete without an expression of our continuing concern over the shortage of health care professionals within the Reserve components. We recognize and applaud the steps the Congress has already taken to address the health care shortages, and we feel that the raising of the mandatory retirement age to 68, included in last year's authorization bill, was another step in the right direction. However, we are concerned that the shortages which currently exist will continue if additional new and creative recruitment and retention procedures are not adopted for the Reserve medical professionals.

Now turning to the U.S. Army Reserve. Last year in our congressional testimony, we addressed an issue we felt, and still feel, is in the best interests of national defense. We strongly recommended that this committee support a vital change needed in the command and control structure of the Army Reserve. Hearing our plea, the Appropriations Committees researched and placed specific instructions in the language of the Fiscal Year 1990 Defense Appropriations Act that directed the Secretary of the Army to prepare a plan to provide the Chief of Army Reserve command authority over his Reserve forces. This year, Mr. Chairman, ROA urges your committee to make whatever proviso in law is necessary to assist the Army in complying with your request.

TROOP REDUCTION PROGRAM

We are concerned that the Army is reducing troop program unit end strength before anyone really knows what kind of and what mix of forces will be in the structure in the outyears. Once we lose reservists, it is difficult and expensive to get them back. We feel that the Army Reserve's fiscal year 1991 request for additional full-time support is too small. We urge this committee to modestly increase these numbers. These Active Guard and Reserve soldiers and Army Reserve technicians provide the marrow for strong and ready troop program units.

Another stepchild account in the Army is the "Operations and maintenance, Army Reserve" account. Over the years, it has become the bill payer for many other than USAR shortfalls. As a result, backlogs have grown in equipment for USAR soldiers, maintenance and repair of facilities, and other vital Army Reserve programs.

This year's OMAR request is for $890 million. This increase of $18 million over fiscal year 1990 is insufficient to even cover civilian pay raises and inflation. In fact, this results in a $10 million decrease in the program, a level that will only marginally support drilling reservists at existing levels of readiness. We urge the committee to address this anemic program and favorably consider a modest increase.

NAVAL STATION CLOSURES

For the Naval Reserve, it appears that although a Navy proposal to make significant reductions in the size of the Naval Reserve was rejected by the Secretary of Defense, at least for fiscal year 1991, the closure of Naval Air Station South Weymouth, MA, and Naval Air Facility, Detroit, MI, is part of the fiscal year 1991 budget request. Therefore, ROA strongly recommends that the Navy be directed to retain Naval Air Station South Weymouth and Naval Air Facility, Detroit, until the congressional review of the total force study is completed and that $31 million be added to the fiscal year 1991 Reserve personnel Navy appropriation to support the 5,271 increase in their Selected Reserve end strength.

CUTS IN AIRCRAFT

Last year, the administration proposed a cut in Naval Reserve P-3 aircraft and associated personnel and operating funds from nine to six aircraft per squadron. This type of budget-driven cut to our Reserve forces was rejected by Congress and additional funds were appropriated to restore these aircraft and personnel at least to eight aircraft per squadron, which is the same level as the Active force. However, since the units were not authorized at the eight aircraft per squadron before the fiscal year 1991 DOD budget request was submitted, the current request now before Congress only contains funds to operate Naval Reserve P-3 squadrons at six aircraft each.

ROA recommends that the approximately $16 million needed to operate these squadrons at the required level be added to the "Operations and maintenance, Naval Reserve" account for fiscal year 1991. In addition, approximately $1.3 million more is required for the "Reserve personnel, Navy" account to fund the personnel associated with these aircraft.

The Coast Guard Reserve also has significant unfunded equipment requirements. ROA recommends the addition of $10 million for procurement of unit-level individual equipment items such as secure communications units, protective clothing, and night observation devices.

OPERATION JUST CAUSE

During 1989, and especially in the major role that it played during Operation Just Cause, the Air Force Reserve demonstrated that it could deploy rapidly and efficiently and work and fight side-by-side with active duty counterparts. The volunteerism exhibited by reservists was exceptionally noteworthy. Air Force Reserve support covered a broad spectrum of combat and support activity, including strategic and tactical airlift, aerial refueling, aeromedical evaluation, gun ship surveillance and interdiction, and base operation support.

Despite the demonstrated combat capability of the Air Force Reserve, the Air Force continues to double-dip the Air Force Reserve in response to severe pressure to reduce the Air Force budget. Notwithstanding the significant savings made when force structure is transferred to the Reserve components, the Air Force continues to propose additional so-called fair share, across-the-board cuts to Air Force Reserve and Active force structures in appropriations.

Once again, the Air Force proposes to reduce aircraft and air crew positions in the Air Reserve forces. As we pointed out last year and the year before, the proposed savings will not begin to equal the loss of investment in multimillion-dollar pilots who will be lost to the total force. In view of the continued hemorrhage of pilots from active duty, the argument that there should be more pilot slots in the Air Reserve forces, not less, is compelling. We propose that the Air Force robust existing units with more aircraft, rather than less. This option increases reserve pilot positions, unit combat capability, and cost-effectiveness, without any increase in overhead.

We have provided a table that summarizes the proposed cuts in the Air Force Reserve structure and the cost of restoring them in the fiscal year 1991 budget. ROA urges this committee to once again make this adjustment, as it did in the fiscal year 1990 appropriation.

C-130 FLEET

In addition to maintaining the existing force structure, modernization of equipment is still a high priority in the Air Force Reserve. The modernization of the C-130 fleet in the Air Force Reserve initiated by Congress has been an outstanding success. We recommend that the committee continue to support the C-130 modernization program with eight C-130 aircraft for the 914th Tactical Airlift Group at Niagara Falls, NY.

Sir, we thank you for the opportunity to present ROA's views on these important subjects. Your support for the men and women in uniform is deeply appreciated by all of us, and this concludes my statement.

Senator INOUYE. General, I thank you very much for your statement.

READINESS

You have used a word that is very important to many of us, and that is readiness. As we face the great pressures brought about by the changes in Eastern Europe to cut down our Active forces, it becomes obvious, I believe, that we should look to a Ready Reserve. That is the key word, ready, appropriately trained and armed with modern weapons and weapons systems.

Otherwise, we may end up as we did in 1949-50 when we were not able to withstand the pressures. We had let our military come down to almost nothing, and in 1950 it cost us 50,000 lives. I think that is too much to pay for the lack of readiness. I can assure you that if I have anything to do with it, we will not let that happen.

General PICKUS. Thank you, sir.

Senator INOUYE. Thank you, sir.

[The statement follows:]

STATEMENT OF BRIG. GEN. ROSS G. PICKUS

Mr. Chairman and Members of the Committee:

On behalf of the more than 115,000 Reserve Officers Association (ROA) members from each of the uniformed services, I appreciate the opportunity to present to this subcommittee the association's views and concerns relating to the Reserve components and the FY91 Department of Defense budget request.

ROA expresses its gratitude to this subcommittee for its continuing support of the Guard and Reserve. The high state of readiness of the Reserve forces can largely be attributed to actions taken by this panel. The Congress has repeatedly added personnel end strengths and equipment procurement funding over that requested by DoD for the Guard and Reserve and has addressed personnel issues critical to the management of Reserve forces.

Fiscal year 1991 may well prove to be a watershed year for our nation's defense. Budget pressures and changes in the threat to national security are driving force reductions after nearly a decade of growth.

For almost a half century, the Soviet/Warsaw Pact threat has driven defense spending. The probability of a major East-West military confrontation has greatly diminished. Change in Eastern Europe and the Soviet Union demand that the nation reevaluate the military threat and respond accordingly.

While progress in East-West relations is encouraging, a militarily strong America continues to be necessary to provide stability in an unstable world. As old pacts, old walls and old inhibitions disappear, the world becomes more volatile. The Soviet sphere of influence is fragmenting, and national and ethnic differences are being accentuated. National governments and economies will be hard-pressed to meet rising political and economic expectations. The Soviet Union is modernizing, not dismantling, its formidable offensive military capability.

Earlier this year, Secretary of Defense Richard Cheney stated that the Reserve forces increased during the eighties as a result of the Eastern European threat and that, as a result of the receding threat, the Reserve components should now be reduced. The services seem quick to make cuts in their Reserve forces.

Given the diminished threat, longer warning times, and defense budget constraints, some members of the House and Senate have called for the shifting of missions and force structure from the active to the Reserve components. Given the budget realities and the cost-effectiveness of Reserve components, enhancement of the Reserve forces must be considered as a realistic alternative.

Responding last year to budget pressures and changes in the world scene, ROA called for a comprehensive analysis of the evolving threat, the military force structure to counter the threat, and the most cost-effective mix of active and Reserve forces. The Association applauds congressional actions which directed DoD to undertake a Total Force Study and rejected budget driven reductions in FY90 and FY91, awaiting the completion of the study. ROA believes that the Total Force Study is crucial to the future of the Total Force and must include not only an evaluation of the Department of Defense Total Force Policy but also future force structure requirements and the most cost-effective mix of active and Reserve forces needed to counter threats to national security as indicated in a new net threat assessment by the Joint Chiefs of Staff.

It is important to ROA that it not be perceived as opposing all reductions of Reserve forces. The association is not oblivious to the pressures to reduce defense spending, both as a result of budget constraints and a perceived lessening of the threat, and understands the wisdom of certain reductions. ROA certainly does not advocate keeping support units in the Reserve components after the force structure being supported has been eliminated. The association recognizes that there are missions that can be better performed by the active than by the Reserve components. Changes, including reductions, should be made wisely--after a comprehensive analysis.

In establishing policy and force structure for the nineties and beyond, the Congress--and DoD planners--must look at how well Reservists have performed, how well they have met their commitments. The record speaks for itself.

During the 1980s, Reserve components were an integral part of US involvement in low-intensity conflicts around the globe--operations off the coast of Lebanon, refueling missions during the Libya strike, the Grenada rescue, operations in the Persian Gulf, and, most recently, as a part of operation "Just Cause" in Panama. The Reserve components have met the challenges both at home and abroad and have demonstrated their leadership and readiness to get the job done.

While ROA opposes making major, budget driven reductions in the Reserve components until after the completion of the Total Force Study, modernization of the Reserve forces cannot wait. For years Reservists have been forced to make-do with hand-me-down and obsolescent equipment. We know this Committee supports the principle that the first to be deployed should be the first to be equipped. We commend the Committee for the Guard and Reserve equipment added to past DoD requests and urge the Committee to continue its efforts to provide needed modernization of Reserve component equipment.

Before addressing each of the services individually, I would like to call the committee's attention to several concerns that relate to all of the services.

Transition provisions for those involuntarily separated:

Growing pressures to cut defense spending is generating proposals to significantly reduce the number of men and women serving in our nation's all-volunteer military force. ROA is concerned about the men and women who will be involuntarily separated from the military and the impact that separations will have on the morale of those who would continue to serve. We believe that the Congress must address the need to cushion the blow to those whose military careers are terminated. We would commend for your consideration legislation proposed by Senator John McCain to address this issue.

"Grey area" retirement benefits:

Upon the completion of 20 or more years of satisfactory federal service and attaining the statutorily required age of 60, members of the Reserve components are eligible to receive retired pay plus the other benefits associated with military retirement. Prior to reaching age 60, members of the retired Reserve receive none of the benefits associated with their military service. Therefore, many Reservists remain in a Ready Reserve status as long as possible. Some of these individuals remain in the Selected Reserve blocking advancement of junior personnel; others remain in the Individual Ready Reserve accruing retirement points.

By providing Space A travel, commissary and exchange privileges, access to MWR facilities, etc., immediately upon retirement, ready Reservists would be provided an incentive to retire earlier, making the force more manageable. Because of present inabilities to cope with the added workload and the costs associated therewith, ROA does not advocate providing medical benefits until age 60. MWR activities are having financial problems which will further deteriorate with the active force draw-down. By permitting "grey area" retirees the use of MWR facilities the services would be able to increase revenues in a much needed area at no expense to the taxpayer.

ROA recommends that this committee support "grey area" benefits as a tool to improve Reserve force management.

COLA Equity:

The Administration's budget proposal for FY91 would eliminate for practically all military retirees and federal retirees the Cost of Living Adjustment (COLA) that will be due this December to compensate for the inflation that has occurred over the previous year. In addition, if enacted as submitted, future COLA's would be limited to the CPI minus 1%, thus, guaranteeing the diminishing purchasing power of military retired pay.

When the military retirement system was changed in 1986 and the COLA minus 1% mandated for those who entered the service after enactment of the new military retirement system, members already in the service were grandfathered against the COLA cut and guaranteed full COLA's in the future. The Administration's budget proposal constitutes a breech of faith for those who entered the service on or before 1 August 1986 and if enacted would affect not only current retirees but many career military personnel currently serving on active duty or in the Reserve components.

Medical Shortfalls:

No testimony by this Association would be complete without an expression of our concern over the shortage of health care professionals within the Reserve components. The impact of the shortage of health care professionals within the Reserve components is brought into focus when we note that approximately two-thirds of the medical care required during major conflicts in which the U.S. may be involved is programmed to be provided by the Reserve components. Even in the face of a decreasing threat and increased warning time, the Total Force will continue to be dependent upon Reserve component medical care during any significant scenario. For this reason, we hope that this Committee, as it addresses the medical shortfalls that currently exist, will work with the services to address methods by which the Reserve components may reduce their shortages.

In the past ROA has testified that we believe a health care professionals special pay program for Reserve personnel should be considered as part of an overall plan to reduce existing shortages. ROA still believes that an adequate special pay incentive program, when coupled with other incentives, would have a beneficial effect on recruiting and retention for the Reserve components.

We recognize and applaud the steps the Congress has already taken to address the health care shortages that exist in both the active and Reserve force and we feel that the raising of the mandatory retirement age to sixty-eight that was included in last year's Authorization Bill is another step in the right direction. However, we are concerned that the shortages which currently exist will continue if additional new and creative recruitment and retention procedures are not adopted for Reserve medical professionals.

UNITED STATES ARMY RESERVE

The Congress has been requested to provide $3.24 billion in obligation authority to fund the Army Reserve's programs in Fiscal Year 1991.

Before discussing the Army Reserve budget for FY91, we believe there is an Army Reserve issue that should be highlighted to the Committee. Last year in our congressional testimony we addressed an issue that we felt, and still feel, is in the best interest of national defense. We strongly recommended that this committee support a vital change needed in the command and control structure of the Army Reserve. Hearing our plea, the Appropriations committees placed specific instructions in the language of the FY90 Defense Appropriations Act that directed the Secretary of the Army to prepare a plan to provide the Chief of Army Reserve command authority over his Reserve forces. He was further directed "to submit a report by March 15, 1990, which delineates what needs to be accomplished in order to provide the Chief of Army Reserve command authority and how and when the transition should be implemented." To emphasize, the report added, "The conferees are adamant that the Secretary of the Army should actively pursue the preparation of this plan as directed by the conferees." As you all know, the Secretary asked for a two-week extension, and on 30 March 1990 replied that the Army was not ready to give Congress a plan. This year, Mr. Chairman, we urge you to make whatever proviso in law necessary to assist the Army in complying with your request.

There has been so much discussion this year by your colleagues on the need for the Defense Department to put as much capability as possible in the Reserve components because of their cost-effectiveness that the Army's actual and planned reductions in Army Reserve structure appear premature. Such strength reductions in the Reserve components bode ill for the Total Army's mobilization readiness. Providing the combat support and combat service support units that will be required in the force argues strongly for adequate numbers of drilling Reservists assigned to troop program units. Without adequate numbers of authorized drilling Reservists and full-time support personnel, the Army Reserve cannot bring into being those new units required to fulfill newly assigned missions, unless other already existing units are inactivated, or unless the missions or organizations of the new units are changed or converted. There is a limit to how far and how often the Reserve structure can stretch or adjust without serious loss to its mobilization readiness.

In a year when the end strength of the active Army is declining, lack of growth in paid drill and full-time support strength within the Army Reserve will add risk to the Total Army's ability to maintain and improve its readiness. As a result, numerous changes to the Army Reserve's force structure intended to accommodate wartime requirements must be deferred indefinitely or accomplished within current end strength limitations. Such "out of hide" changes raise the level of risk of personnel and structure turbulence that may degrade the Army Reserve's ability to improve its mobilization readiness. Turbulence may also result when, in response to population shifts, the Army Reserve must try to place new structure and relocate existing units in areas of our country that can demographically support its personnel requirements. Modernization efforts may need to be delayed until after congressional approval of increases in full-time support maintenance personnel. We believe the strength levels contained in the Army Reserve's FY91 budget submission are essential to mobilization readiness.

The Army Reserve FY91 Reserve Personnel Account request supports a Selected Reserve end strength of 309,200. This is a 10,000 reduction from FY89 end strength and equal to the sequestered FY90 end strength. Troop program end strength at the end of FY89 was 290,000. By the end of FY90 it will decline to 281,000 and is programmed to remain at that number through FY91. We are concerned that the Army is reducing troop program unit end strength before anyone really knows what kind of and what mix of forces will be in the structure in the outyears. Once we loose Reservists, it is difficult and expensive to get them back.

We feel that the Army Reserve's FY91 request for additional full-time support is too small. We urge this committee to modestly increase these numbers. These Active Guard/Reserve (AGR) soldiers and Army Reserve technicians provide the marrow for strong and ready troop program units. It has been the presence of full-time support personnel that has brought the Army Reserve to a state of readiness that enables it to take on missions along side or in place of the active component as we develop our nation's most cost-effective military deterrence forces.

Another "step child" account in the Army is the Operations and Maintenance Army Reserve (OMAR). Over the years it has become the bill payer for many "other than" USAR shortfalls. As a result backlogs have grown in equipment for USAR soldiers, maintenance and repair of facilities (-$63.6 million), and other vital Army Reserve programs . This year's OMAR request is for $890 million. This increase of $18 million over FY90 is insufficient to even cover civilian pay raises and inflation. In fact, this results in a $10 million decrease in the program. A level that will only marginally support drilling Reservists at existing levels of readiness. We urge the Committee to address this anemic program and favorably consider a modest increase.

Mr. Chairman, with the help of Congress, much as been accomplished over the past ten years in improving the mobilization readiness of the Army Reserve. It, like the other Reserve components, has proven to be capable, dependable and cost-efficient. We all know the years ahead will be difficult and threaten to undo much of the progress that has been so painfully achieved. We understand the fierce competition for scarce resources and it is that understanding that provides the impetus for our urging you to continue to champion the viability of the Reserve forces of the Army and the other services.

AIR FORCE RESERVE

During the past decade and a half, the Congress has provided the modern equipment and the end strength required to meet assigned wartime and contingency tasking responsibilities. The Air Force Reserve (AFR) is proud of its well-trained, motivated personnel and its outstanding combat readiness.

During 1989, and especially in the major role it played during operation "Just Cause", the Air Force Reserve demonstrated that it could deploy rapidly and efficiently and work and fight side-by-side with active duty counterparts. The volunteerism exhibited by Reservists was exceptionally noteworthy. AFR support covered a broad spectrum of combat and support activity, including strategic and tactical airlift, aerial refueling, aeromedical evacuation, gunship surveillance and interdiction and base operations support.

Despite the demonstrated combat capability and readiness of the AFR, the Air Force continues to "double-dip" the AFR in response to severe pressure to reduce the Air Force budget. Notwithstanding the significant savings made when force structure is transferred to the Reserve components, the Air Force continues to propose additional so called "fair share" across-the-board cuts to AFR and active force structures and appropriations.

Once again, the Air Force proposes to reduce aircraft and aircrew positions in the Air Reserve forces. As we pointed out last year, and the year before, the proposed savings will not begin to equal the loss of investment in multi-million dollar pilots who will be lost to the Total Force. In view of the continued hemorrhage of pilots from active duty, the argument that there should be more pilot slots in the Air Reserve forces, not less, is compelling. We propose that the Air Force "robust" existing units with more aircraft rather than less. This option increases Reserve pilot positions, unit combat capability, and cost-effectiveness without any increase in overhead.

The following table summarizes the proposed cuts in Air Force Reserve structure and the cost of restoring them in the FY91 budget. ROA urges the committee to once again make this adjustment as it did in the FY90 appropriations:

AIR FORCE RESERVE

FY 1991 FORCE STRUCTURE RESTORATION

				($ M)		
AIRCRAFT	LOCATION	DRILL STRENGTH	CIVILIAN STRENGTH	O&M, USAFR (3740)	RP, AF (3700)	AP, AF (3010)
-4 C-130B	Peterson AFB 731 TAS	119	32	2.979	0.936	1.167
-1 AC-130A	Duke Field 711 SOS	70	17	1.557	0.620	0.411
-1 HH-3E	Homestead AFB 301 ARRS	14	5	0.457	0.145	0.098
-6 F-16A/B	Carswell AFB 457 TFG	151	35	2.297	0.935	3.073
-1 HC-130H	Portland IAP 304 ARRS	37	10	0.894	0.315	0.323
	TOTAL	354	67	8.184	2.96	5.072

In addition to maintaining the existing force structure, modernization of equipment is still a high priority for the AFR. The modernization of the C-130 fleet in the AFR, initiated by the Congress, has been an outstanding success. We recommend that the Committee continue to support the C-130 modernization program with eight C-130H aircraft for the 914th Tactical Airlift group at Niagara Falls, New York.

Another initiative addressed by the Congress in previous years, is the critical need for defensive systems to protect the AFR's tactical fighters and airlift aircraft. Without these systems, tactical aircraft cannot survive in the high threat environments in which they will have to operate. Despite the add-on funds for miscellaneous equipment previously provided by the Congress, many requirements are still unmet. ROA recommends that $24.6 million be added to the FY91 budget for defensive systems for AFR tactical aircraft. We also recommend $15.0 million be added to continue the F-16 upgrade program that the Congress initiated last year.

Combat capability depends as much upon Reserve personnel, full-time support personnel, and Operations and Maintenance (O & M) accounts as upon modern equipment. We urge the Committee to support the amounts requested in the budget submission, plus the amounts needed to restore the proposed force structure reductions.

We are also concerned that the MILCON appropriation for the Air Force Reserve was 35 percent less in FY90 than in FY89 and that the FY91 request is 18 percent less than the FY90 appropriation. A net reduction of 53 percent in two years is a dramatic decrease. As ROA has stated many times before, the Air Force Reserve must receive adequate resources to continue to maintain a high state of readiness and perform its combat mission. If additional funds can be made available, ROA would urge that a list of projects totaling $80.8 million be considered for funding.

As a matter of equity, we ask the Committee to extend Constructive Credit to nurses commissioned between 1981 and 1987.

Currently, newly recruited nurses are permitted to enter the AFR at ranks higher than equally or better qualified incumbents with proven performance and demonstrated commitment to military service. This patent disparity is causing serious morale problems. We are not asking for back pay, but only that Constructive Credit be extended to nurses who were commissioned between 1981 and 1987. Their ranks and dates of commission should then be adjusted allowing them equal promotion opportunities.

In summary, with your continued understanding and support, the Air Force Reserve will continue to provide a superb, cost-effective, combat ready fighting force. The combat readiness and war fighting capability of the AFR are vital ingredients of the Total Force. We ask that you provide the resources to keep it that way.

NAVY & MARINE CORPS RESERVE

ROA's principal message for the past two years has been that a Total Force Study should be conducted and the current Reserve force structure should be maintained at least until the results of the study, now underway within the Department of Defense, are evaluated by the Congress.

We have accepted the fact that some changes to the Reserve forces, such as those that are the direct result of ongoing modernization the active or Reserve units, should occur before the Total Force Study is completed. However, the closure of two Naval Air Reserve facilities and loss of all the associated Naval Reservists at the beginning of FY91, as proposed in the Administration's budget request, does not fall into this category.

It appears that although a Navy proposal to make significant reductions in the size of the Naval Reserve was rejected by the Secretary of Defense, at least for FY91, the closure of Naval Air Station, South Weymouth, Massachusetts and Naval Air Facility, Detroit, Michigan was somehow retained as part of the FY91 budget request.

Therefore, ROA strongly recommends that the Navy be directed to retain Naval Air Station, South Weymouth and Naval Air Facility, Detroit until the congressional review of the Total Force Study is completed and that $31 million be added to the FY91 Reserve Personnel Navy appropriation to support the 5,271 increase in Selected Reserve end strength (571 Full-Time Support plus 4,700 drilling Reservists) needed to reverse this proposal.

The requested increase in Naval Reserve end strength is more than the proposed reduction of 3,700 because the proposed cut is a net figure which also accounts for planned Selected Reserve growth associated with the addition of five ships to the Naval Reserve force in FY91. The proposed reduction of 100 in Marine Corps Selected Reserve strength is the result of planned structure change and appears rational for FY91.

Last year, the Administration proposed to cut Naval Reserve P-3 aircraft and associated personnel and operating funds from nine to six aircraft per squadron. This type of budget driven cut to our Reserve forces was rejected by Congress and additional funds were appropriated to restore these aircraft and personnel at least to the same level as the active force (8 aircraft per squadron). However, since the units were not "authorized" at the eight aircraft per squadron level before the FY91 DoD budget request was submitted, the request now before Congress only contains sufficient funds to operate Naval Reserve P-3 squadrons at six aircraft each.

Therefore, ROA recommends that the approximately $16 million needed to operate these squadrons at the required level be added to the Operations and Maintenance, Naval Reserve appropriation for FY91. In addition, approximately $1.3 million more is required in the Reserve Personnel, Navy appropriation to fund the personnel associated with these aircraft.

FORCE MODERNIZATION

The modernization of our Reserve forces must continue. Congress has been particularly supportive of these efforts by adding funds above the budget request specifically for Guard and Reserve equipment.

The FY91 budget request does include, for the first time, some procurement of major equipment directly for the Naval and Marine Corps Reserve in the appropriation created by Congress for this purpose--National Guard and Reserve Equipment (NG&RE). Of the total $455.4 million requested, $60.4 million is allocated to the Naval Reserve to procure two C-130 aircraft, limited upgrades for HH-60H helicopters and some P-3 support equipment needed for an accelerated squadron transition. Also $25 million is earmarked for one KC-130T aircraft for the Marine Corps Reserve.

ROA considers this request by the Administration to be a start in the right direction, but not large enough to ensure meaningful progress in our quest to modernize our Reserve components.

Therefore, ROA recommends that the following additional high priority items be authorized and funded for FY91:

Naval Reserve	FUNDING ($ Millions)
LAMPS MK-1 Block Upgrade Kits (SH-2G) (6 plus limited Spares or Support Equipment)	45.0
Inshore/Undersea Warfare (IUW) equipment (4 AN/ALR-66, 4 Forward Looking Infrared Radar [FLIR])	3.5
HH-60H Weapons Upgrade	18.0
Frigate (FF) Integrated Shipboard Tactical System (FFISTS) (4 systems, brings total NRF FF-1052 w/ FFISTS to 10)	4.0
P-3C Upgrades (Inverse Synthetic Aperture Radar [ISAR] and Survivability and Vulnerability Equipment)	37.5
Construction Forces (SEABEE) Civil Engineering Support Equipment (CESE) & Materials Handling Equipment (MHE)	25.9
C-20 Aircraft (2)	57.1

MARINE CORPS RESERVE	
AN/UYK-83, End User Computing Equipment	2.5
Miscellaneous Ground Communications Equipment	3.4
1 Additional KC-130T Aircraft plus two "stretch" kits and ECM equipment	39.0
AH-1W Attack Helicopters (6)	54.0
Support Equipment for OV-10A to OV-10D+ Transition	5.0
Indoor Simulated Marksmanship Trainers (IMST)	.50

The Coast Guard Reserve also has significant unfunded equipment requirements. Therefore, ROA recommends the addition of $10 million for procurement of unit level individual equipment items, such as, secure communication units, protective clothing and night observation devices.

Thank you for the opportunity to present ROA's views on these important subjects. Your support for the men and women in uniform both active and Reserve is sincerely appreciated. I'll be happy to answer any questions that you might have.

NAVAL RESERVE ASSOCIATION

STATEMENT OF REAR ADM. LESTER ROBERT SMITH, USNR (RET.), PRESIDENT, NAVAL RESERVE ASSOCIATION

Senator INOUYE. Our next witness is the president of the Naval Reserve Association, Rear Adm. Lester Robert Smith, U.S. Navy Reserve, retired.

Admiral SMITH. Mr. Chairman, I greatly appreciate the opportunity to present the Naval Reserve Association's views for your consideration. I ask that our prepared statement be included in the record.

Senator INOUYE. It will be, sir.

Admiral SMITH. Thank you.

In the prepared statement we have tried to present issues we view as critical to the Naval Reserve from the perspective of the 25,000 officer members of our organization. While we do not necessarily concur with those who recommend wholesale transfer of missions and assets from the Active to the Reserve forces, we believe that pragmatic decisions necessary to accommodate near-term defense budget restrictions will determine the total force mix.

Thus, the real debate may center around not just what missions the Reserves can accommodate but, rather, what force structure and missions must be totally deleted from our Nation's warfighting capability if Reserve components cannot assume the tasking.

Maintaining a presence in the high-population centers, particularly those port cities hosting Reserve ships, is a critical concern at a time when base closings are imminent. We urge that prior to making decisions on base closures, the impact on Naval Reserve manning and readiness, the costs of relocation and construction, and the force size and total force mix decisions be factored into that decision process. Until these decisions are made, we specifically request funding to continue operation in fiscal year 1991 of the two Naval Reserve bases—NAS South Weymouth and NAF Detroit—bases scheduled to be closed early in fiscal year 1991.

COST-EFFECTIVE INITIATIVES

This year, NRA has proposed several new cost-effective initiatives which would implement one of the defense strategy provisions of the chairman of the Senate Armed Services Committee, proposed expanded use of the Naval Reserve.

First, we advocate transferring the 1052-class frigates to the Naval Reserve in a reduced OPTEMPO and reduced readiness status in lieu of decommissioning and, further, assigning some of them to the Great Lakes ports, taking advantage of the availability of trained veteran naval reservists in the Midwest population centers. Increased warning time permits the transit by the St. Lawrence Seaway to open ocean-operating areas in a contingency.

Second, if the Navy's aircraft carrier forces are reduced from 14 to 12 or less, we would propose standing up a third Reserve carrier air wing. This would allow the retention of skilled personnel and provide a meaningful assignment for personnel from the decommissioned active air wings. This Reserve wing could be assigned to the carrier *Forrestal* when she replaces the *Lexington* as a training carrier in the gulf, thereby providing another cost-effective, deployable aircraft carrier with a ready air wing.

Third, up to four active P-3C land-based maritime patrol squadrons could be phased into the Naval Reserve utilizing the existing reserve P-3 SRU- and MAU-trained personnel as a nucleus.

It is the Naval Reserve Association's view that these programs will provide the best and most responsive Naval Reserve force attainable in a reduced budget environment. It will also retain the greatest number of ships and aircraft in an active responsive posture ready for full-time employment in defense of our Nation.

MODERNIZATION OF NAVAL RESERVE AIR AND SURFACE FORCES

We continue our support of past years for the modernization of the Naval Reserve air and Naval Reserve surface forces. We specifically recommend continuation of the maritime air P-3 modernization program, the SH-2 LAMPS Mark 1 helicopter upgrade, the continued introduction of the A-6 family of aircraft, as well as S-3 ASW aircraft into our Naval Reserve carrier air wings and continued procurement of C-130 and C-20 airlift support aircraft.

We proposed continued prototype development of the Naval Reserve force frigate modernization package and procurement of the proven cost-effective on-board ASW trainers for our Naval Reserve force frigates. NRA supports and recommends continued procurement of both the MCM- and MHC-class mine warfare ships.

Rather than take the committee's time to go further into the specifics of our prepared statement, I would be happy to try to answer any questions you may have. I appreciate this opportunity to appear before your committee.

Senator INOUYE. Admiral, I thank you very much. Your concerns are mine. There is much pressure to reduce our carrier forces from the present 14. I believe I can assure you that will not happen in this fiscal year, but I cannot speak for future fiscal years because the pressures are mounting, especially fiscal pressures. We will do our best, sir.

Admiral SMITH. Thank you, sir.

Senator INOUYE. Thank you, sir.

[The statement follows:]

STATEMENT OF REAR ADM. LESTER ROBERT SMITH

Rear Admiral Smith is National President of the Naval Reserve Association.

Admiral Smith was commissioned from the Naval Aviation College Program (Flying Midshipman). He served 39 years in the U.S. Navy and Naval Reserve. His duties included two Korean deployments with Fighter Squadron 52 (VF-52) flying 132 combat missions. In 1954, while still assigned to VF-52, he flew the part of LT Harry Brubaker (for Bill Holden) in the Paramount Pictures movie, "The Bridges at Toko-Ri". After graduating from the Naval Test Pilot School (class XIII), he was an experimental test pilot at the Flight Test Division of the U.S. Naval Air Test Center. His next assignment was to the NROTC unit at Georgia Tech, where he completed degrees in Bachelor of Aeronautical Engineering and MS (AE) with highest honors.

Among his numerous assignments in the Naval Reserve, Admiral Smith has had six tours as Commanding Officer: VF-701 (now VF-201); and augment units for the Naval Air Systems Command Headquarters, two Naval Air Stations units, the VTU and the COMNAVAIRLANT staff. He was Commander, Naval Reserve Readiness Command Region ELEVEN from 1981 to 1984. That command comprised fourteen Naval Reserve Centers in Northern Texas, Oklahoma, and New Mexico, with 5,000 Naval Reservists assigned.

Admiral Smith was employed with Chance Vought Aircraft, and successor companies, for 29 years. He held various project engineering positions, reaching Chief Project Engineer-F8U Airplanes. As the Crusader program started to phase down, he moved to the Program Management Office of the A-7A Corsair II. He held various positions in that office through Director-A-7 Programs. Admiral Smith was also Director-Special ADP Programs (now the B-2 Stealth bomber) for LTV Aircraft Products Group. He retired from LTV in 1987.

He is now Vice President, Program Development for Turbomeca Engine Corporation, the U.S. subsidiary of Turbomeca, France. Turbomeca manufactures turbo-shaft engines, primarily for helicopters. TEC provides Arriel engines to Sikorsky for the S76C and will provide the TM319 engine to McDonnell Douglas Helicopter Company for their new MD901 (MDX) NOTAR helicopter.

Rear Admiral Smith is active in numerous organizations. He is Chairman of the Military Affairs Committee for the Greater Dallas Chamber of Commerce; President of the Dallas Military Ball Corporation; Director of the Dallas Council of the Navy League; and Director of the Greater Dallas Reserve Officer's Association.

He is married to Carmen DeLuca of New Kensington, Pennsylvania. They have a daughter Mrs. Sherri Neumeier.

Mr. Chairman, distinguished members of the Committee, it is a privilege to have this opportunity to present the views of the Naval Reserve Association to the Committee for your consideration.

The Naval Reserve Association believes the decade of the 90's places the Naval Reserve at a crossroads. Clearly the Naval Reserve has the capability of providing a professional, veteran, and experienced naval force already trained by years at sea for the Defense of our country and to do it at a fraction of the cost of a comparable force of active duty only.

The Naval Reserve Association believes that the nation should fully utilize its naval reserve, today over 150,000 personnel, in a way that recognizes both the economic and military threat realities of the 90's.

This year NRA has proposed several new cost-effective initiatives which would implement one of the Chairman of the Senate's Armed Services Committee defense strategy provisions, "Proposed Expanded Use of the Naval Reserve". First, we advocate transferring 1052 Class frigates to the Naval Reserve in a reduced OPTEMPO and readiness status in lieu of decommissioning, and assigning some of them to Great Lakes ports, taking advantage of the availability of trained veteran Naval Reservists in midwest population centers. Increased warning-time permits the transit via the St. Lawrence Seaway to open ocean operating areas in a contingency. Second, with the imminent reduction in aircraft carrier forces from 14 to 12 or less we would propose standing up a third Reserve Carrier Air Wing. This would allow retention of skilled personnel and provide a meaningful assignment for the personnel of decommissioned active air wings. This Reserve Wing could be assigned to the carrier FORRESTAL when she replaces LEXINGTON as a training carrier in the Gulf, thereby providing another cost-effective deployable aircraft carrier with a ready air wing. Third, up to four active P-3C land based maritime patrol squadrons could be phased into the Naval Reserve utilizing the existing Reserve P-3 SRU and MAU trained personnel as a nucleus.

It is the Naval Reserve Association's view that these programs will provide the best and most responsive Naval Reserve Force attainable in a reduced budget environment. It also will retain the greatest number of ships and aircraft in an active responsive posture ready for full time employment in defense of our nation.

The Naval Reserve does not fare well in the FY 91 budget. The Navy's proposed closure of NAS S. Weymouth and NAF Selfridge, the continued reduction of Naval Reserve VP aircrews and the premature retirement of valuable P3 assets are serious actions affecting the readiness and continued viability of the Naval Reserve Force. These force reductions and base closures could well be the tip to the iceberg as additional "big time" reductions to come are being planned for the next budget cycle.

The Naval Reserve Association believes a well equipped and combat ready Naval Reserve is a most important option to preserve, and views with considerable dismay the DoD base closure plan which, if implemented, would deny the Naval Reserve access to the major population centers of Boston, Philadelphia, Detroit, Long Beach and San Francisco.

The Naval Reserve Association will now address the following specific key issues affecting Naval Reserve Force Combat readiness and capability:

- Anti Submarine Warfare
  - Reserve Maritime Patrol (VP) Squadrons
  - LAMPS MK1 Upgrade
- Reserve Carrier Airwings
- Airlift Operational Support Aircraft
- Cargo Airlift Support Aircraft
- Naval Reserve Frigate Modernization
- SQQ-T1 On-Board Anti Submarine Warfare Trainers

- FF-1052 Frigates
- Mine Warfare
- Naval Reserve Manpower
- Base Closures

Anti-Submarine Warfare

The Naval Reserve Force structure is heavily oriented toward anti-submarine warfare. The 13 Reserve VP squadrons, 3 HSL squadrons and the 30 Frigates comprise the greatest percentage of Reserve Force assets. Unfortunately, the age of the equipment assigned requires that they be upgraded to meet the current threat.

Reserve Maritime Patrol (VP) Squadrons

The thirteen reserve VP squadrons are a large segment of the Naval Air Reserve Force. Since 1984 the Naval Reserve Association has expressed its concern over the block obsolescence and inventory shortfall of the P3 aircraft assigned to the Reserve Program.

Successive plans to alleviate the P3 inventory problem caused by block obsolescence in the mid-90' have failed to materialize. New P3C production was terminated, the P3D plan production was proposed in 1985 and scheduled production of 25 aircraft per year in 1989 was terminated. The competitively bid P3D, now called the P3G, did not materialize but eventually evolved into the LRAACA program now called the P7. Unfortunately, this program which envisioned a P7 aircraft cost of $37 million has escalated in cost to the $50-$70/$80 million per aircraft including the avionics package, has been delayed at least 2 years and may well be canceled for affordability. The reserve VP squadrons are being reduced in size from 9 to 6 aircraft per squadron and the trained crew from 15 12 per squadron.

Recommendation:

The Naval Reserve Association recommends that funding and authorization be provided to restore the reserve land based maritime air VP to their former wartime complement in both crews and assigned aircraft, and that no further reduction in the critical ASW forces be effected until ongoing force mix and threat analysis studies are completed. NRA further recommends that additional reserve P-3 squadrons be established if funding constraints require further reductions in either active P-3 squadrons or a PAA reduction within those active squadrons. Utilizing the current trained P-3 Squadron Augmentation Unit reserve personnel as a nucleus, it should be possible to man as many as 4 additional reserve P-3 maritime patrol squadrons.

Modernization of the Naval Reserve Land Based Maritime Air (VP) Force

As a result of Active and Reserve VP force restructuring eleven Naval Reserve VP squadrons and eleven Active VP squadrons will be equipped with P-3B and P-3C aircraft with a common AQA-7 acoustic processor at the end of FY 92. Recent developments concerning the cost of the P-7 indicate at the very least a program stretchout is inevitable. Regardless of the success of the P-7 program, if the current 37-squadron force level is to be maintained, continued use of the existing inventory of AQA-7 baseline P-3B/C aircraft will be required. In order for these aircraft to be able to function against the near term Soviet threat, the current suite of acoustic processors and displays must be improved. The Improved Processing and Display System (IPADS), a Navy program which has been under development for several years, is undergoing operational evaluation and testing this summer. This system was designed to give the AQA-7 the equivalent acoustic processing capabilities of the UDIII system currently in the fleet. The number of processed channels is doubled from 16 to 32 (double the current UDIII capability) and for the first time there is provided 16 channels with broadband and DIFAR triple verniers. Funding for this critical program is essential if Reserve Force ASW capability is to be maintained.

Recommendation:

The Naval Reserve Association strongly recommends that funding of $70 million in FY 91 be provided in the Guard and Reserve Procurement account to install the IPADS system on Reserve Force P-3B aircraft.

SH-2 LAMPS MKI Upgrade

The long and sometimes difficult effort to modernize the Naval Reserve SH-2 LAMPS MKI helicopter has begun to show dramatic results with the recent fly out of the new SH-2G.

The Naval Reserve Association has been a strong supporter of this cost effective low risk improvement program. The installation of T-700 engines, on board acoustic processing, 99 channel sonobuoy receiver, tactical mission computer and aircraft/ship datalink greatly enhance the operational effectiveness of this aircraft. In fact, these incorporated changes provide a four-fold increase in ASW capability over the baseline SH-2F.

Further inherent growth capability built into the avionic package will allow the incorporation of a new modular dipping sonar into the SH-2G aircraft.

Recommendation:

The Naval Reserve Association strongly recommends the addition of $45 million in FY 91 (six upgrade kits) to continue this important ASW improvement to Naval Reserve SH-2 LAMP MKI aircraft to the SH-2G configuration.

Reserve Carrier Airwings

It appears that the perception of a reduced threat and fiscal restraints may force a reduction to thirteen or twelve carriers in the near term with attendant reductions in air wings. In that event, it would appear realistic to stand up an additional (third) reserve carrier air wing to retain the needed capability and trained personnel rather than just decommission and dismantle surplus squadrons. For those skilled airmen who would be RIFed or otherwise be surplus due to reduced Navy manpower requirements, the additional reserve wing would provide productive reserve assignments, and also provide the warfighting capability of a trained ready carrier air wing to augment the active forces.

This new reserve air wing could be assigned to the carrier FORRESTAL when she soon replaces the venerable old LEXINGTON as the training carrier at Pensacola. This would provide an additional deployable cost effective aircraft carrier complete with a ready air wing.

The two current Naval Reserve Carrier Air Wings have been an important part of our carrier strike force for many years. Their importance will continue to grow in the 90's.

An element critical to the effectiveness of a carrier air wing is the capability of their assigned aircraft. The assigned aircraft must be front line and as fully capable as their active Navy counterparts, and should mirror image the active wings.

These factors require that Naval Reserve Air Wing modernization continues in the 90's. The most critical issue facing the Naval Reserve Air Wings today is the introduction of A-6E, KA-6, EA-6B aircraft into the air wings and completion of the air wing complement with S-3 ASW aircraft.

Recommendation:

The Naval Reserve Association strongly supports the continued procurement/ remanufacture of the critical A-6 family of aircraft as required to ensure Naval Reserve Carrier Air Wing requirements are fulfilled, and that S-3 ASW aircraft be assigned to the wings either through the initiation of new procurement or as a result of the currently planned S-3 PAA reduction in the active air wings. Consideration should be given to establishing a third Naval Reserve Carrier Air Wing if there is a reduction in active aircraft carriers and their assigned air wings.

Airlift Operational Support Aircraft

The Naval Reserve's only medium-lift operational support aircraft have been a three plane C-131H squadron based a the Naval Air Facility, Andrews AFB Maryland. One crashed on an acceptance test flight after contractor rework, the second aircraft reached the end of its structural service life and was removed from service in December, 1989, and the remaining C-131F will also be retired by the end of this fiscal year.

The Center for Naval Analyses study of Navy Wartime organic airlift requirements identified a shortfall of medium-lift aircraft needed to support high priority logistic demands of a fleet deployed worldwide. The Navy Air Logistics Office consistently documents substantial shortfalls in CONUS medium-lift airlift availability, resulting in denial of Navy lift requests or inefficient utilization of larger logistic aircraft. Congress recognized this critical shortfall in medium-lift capability and provided for the acquisition of a C-20F for the Naval Reserve Force in the FY 90 budget.

The C-20F has a side cargo door and meets all the specific Naval Reserve requirements for the medium-lift mission. It can carry 27 passengers or a mix of passengers/cargo totaling 9000 pounds. No other aircraft in the Navy organic aircraft fleet currently provides medium-lift capability. Both the Air Force and the Army have C-20s based at Andrews AFB for potential commonality of support.

Recommendation:

That $57.1M be provided in the Fiscal Year 1991 budget for the acquisition of the two remaining C-20F aircraft, spares and training.

Cargo Airlift Support Aircraft

The most recent Center for Naval Analysis airlift study validates a wartime Navy organic airlift requirement for 29 C-130 type aircraft with tail loading capability for palleted and oversized cargo. The current Naval Reserve shortfall in medium/heavy cargo aircraft resulted last year in the ability to meet only about 65% of their CONUS airlift requirements. There are only 7 C-130s in the Navy inventory and they are aging early models, all out of CONUS. The Navy has proposed a fleet of 12 C-130s for the Naval Reserve divided into 4 squadrons.

Recommendation:

The Naval Reserve Association strongly supports authorization and funding by the Congress of the 2 C-130Hs requested in the 91 Defense Budget for the Naval Reserve as the first increment of procurement.

Naval Reserve Frigate Modernization

Even before the dramatic changes which have occurred in the Soviet Union the Naval Reserve Force of eight 1052 and eighteen FFG-7 frigates was programmed to grow with the transfer of an additional twenty-four 1052 Frigates to the Naval Reserve during the FY 90 - FY 93 period.

For the past six years the Naval Reserve Association has requested Congress to supply funding to permit a modest but absolutely essential upgrade to the ASW and battle management systems on these Naval Reserve Force Frigates.

Continued Congressional support has resulted in upgraded towed arrays (AN/SQR-18), acoustic processors (AN/SQR-17A), onboard antisubmarine Warfare trainers (AN/SQQT1) to be developed and procured in limited numbers for reserve force frigates.

Congress has also strongly encouraged the Navy to develop and request funding for a Frigate modernization program suited for both the FF-1052 and FFG-7 class.

Although funding has not been included in the FY 91 budget request for this program, the development of a frigate modernization prototype has been accomplished utilizing prior years' funding. Essentially, this program further enhances frigate modernization discussed above by incorporating current engineering changes, improved performance of existing systems to evolve a low risk, low cost frigate modernization package.

Modest add-on funding is required in FY 91 to complete the remaining portion of the required engineering changes and to procure the ship sets necessary for testing. It is expected that a production run modernization package will cost approx $12 million per ship.

Recommendation:

It is strongly recommended that add-on funds be provided in FY 91 to complete prototype development and testing of the frigate modernization package.

SQQ-T1 On-Board ASW Trainers

The need for antisubmarine warfare (ASW) training systems embedded in shipboard components has never been greater. Fleet trends indicate fewer days at sea for system operators to update and enhance their proficiency to conduct this complex naval mission. In response to this condition, the Navy has developed the AN/SQQ-T1 ASW trainer. This trainer was developed specifically for the especial needs of ASW systems operators in the naval reserve. The SQQ-T1, located onboard a naval reserve frigate, provides hands-on ASW training for reservists while they are operating their systems on the ship and under realistic conditions. Additionally, the SQQ-T1 can provide realistic crew training while the ship is at pier-side, in transit or in an operational environment.

Recommendation:

The Naval Reserve Association recommends the addition of $5M in FY 91 to continue acquisition of additional SQQ-T1 onboard ASW trainers to enhance the operational skills of ASW system operators.

1052 Class Frigates

In lieu of the proposed decommissioning of all the 1052 class Frigates, NRA advocates retaining some of these very capable ASW ships in the Naval Reserve in a reduced readiness status. A substantial reduction in the percentage of full time manning and the resulting increase in the selected reserve crew would be cost effective and justify retention of these valuable national defense assets whose primary mission is wartime convoy escort. Reducing the readiness status would allow basing some of these vessels in the Great Lakes at/or near population centers such as Chicago, Milwaukee, Detroit, Toledo, Cleveland, Buffalo, etc. where there are substantial populations of veteran Naval Reservists. Transit time via the St. Lawrence Seaway to open ocean deployment can be accommodated within the increased warning time as now perceived by SECDEF and other defense authorities.

Mine Warfare

The Naval Reserve Association supports the continued procurement of both the MCM and MHC class ships. With the planned program completion of these ships the Navy will be able to conduct effective coastal and open ocean mine warfare operations. The current Airborne Mine Countermeasures squadrons (HM 18 & 19) should be maintained in the Naval Reserve and consideration given to transferring the entire mission to the Naval Reserve Force. The

COOP program encompassing port Q acute transit route operations remains in a conceptual stage without a dedicated hull or an identified electronic package. This critical program needs to be further defined and developed.

Naval Reserve Manpower

The Naval Reserve Association is gravely concerned about certain proposals in the FY 91 budget request which, if approved, will have serious implications on Naval Reserve Manpower and combat capabilities.

One is the continued reduction in FY 91 of 33 percent of the Naval Air Reserve Land based Maritime Air ASW Flight crews. This proposal was rejected by Congress last year and full RPN and O & MN funding was appropriated to restore these air crew personnel vital to the continued success of our ASW capability. Although FY 90 funding was restored, the Navy questions the authorization of the 540 billets, consequently the FY 91 budget continues these reductions.

Recommendation:

The Naval Reserve Association urges the restoration of $3.5 million in RPN and 540 Reserve Personnel Navy billets authorization in FY 91 for restoration of VP squadron air crew personnel.

Base Closures

Another area of grave concern is the catastrophic impact the proposal to close NAS S. Weymouth and NAF Selfridge will have on Naval Reserve training and readiness. Since there is no announced plan to relocate the Naval and Marine reserve units supported at these locations, closure will result in the losses depicted below:

NAS South Weymouth, Massachusetts

- Forty Naval Reserve commands including an essential long range Naval Reserve VP ASW squadron
- A shipboard helicopter ASW squadron
- A marine attack squadron and a marine helicopter squadron
- 2200 weekend reservists
- 1120 active duty personnel
- 300 civilians

NAF Selfridge, Michigan

- A long range Naval Reserve VP squadron
- A fleet logistics squadron
- A Seabee Battalion
- 2054 Reservists
- 467 active duty personnel
- 63 civilians

It is ironic that even after the Naval Reserve units at NAF Detroit are disestablished, the base will continue to operate in support of Air Guard and other military units. In fact, the Navy section of the base may continue operation to support the Marine Reserve.

The Naval Reserve Association strongly opposes the closure of both of these reserve bases on the grounds that no suitable relocation sites have been identified. Relocation costs could exceed the proposed savings, and most importantly—the loss of the trained reserve manpower is not in the best interest of the defense of our nation.

The Naval Air Station, South Weymouth, as well as the Naval Air Facility at Selfridge AFB outside of Detroit, has been nominated by the Navy for closure early in FY 91. The Naval Reserve Association believes that there is a budget need to reduce the number of bases. However, we are extremely concerned about the closure of Naval Reserve facilities without careful planning for the relocation of the commissioned reinforcing and augmenting units aboard those bases. Relocation of units from bases contiguous to large population centers to those at great distances and near smaller population areas will have detrimental effect on the manning and readiness of those units and the Naval Reserve.

Loss of such strategically located facilities greatly diminishes the ability of the Naval Reserve to attract and retain its most valuable asset, i.e. its drilling reservists. Historically, such losses have not been recouped at the new drill site for many years, if at all.

While the aforementioned sites are the only "dedicated" Naval Reserve sites proposed for closure the Naval Reserve Association is equally concerned about the closure of:

NAS Moffett Field
NAS Alameda
NS Treasure Island
NS Long Beach and
NS Philadelphia

Aboard all of these locations are Naval surface and/or air reserve training and support activities necessary for the continued operation of Naval Reserve surface and air units. Further, of equal importance, the location of these Active Navy facilities contiguous to large population centers is of great importance to the Naval Reserve. The Naval Reserve is located where the people are; not a necessary requirement with the Active Navy.

Recommendation:

The Naval Reserve Association urges the restoration in the Budget of $6.1M in Reserve Operation and Maintenance funds to continue operation of these two Naval Reserve bases in FY 91, and that the impact on Reserve manning and readiness, relocation and construction costs, and force size and total force mix decisions be carefully evaluated prior to closure of the bases.

Military Construction Naval Reserve

The FY 91 Military Construction Naval Reserve (MCNR) budget of $50.2 million is strongly supported by the Naval Reserve Association. The construction projects proposed are high priority and essential to the continued modernization and viability of the Naval Reserve.

NATIONAL GUARD ASSOCIATION OF THE UNITED STATES

STATEMENT OF LT. GEN. LA VERN E. WEBER (RET.), NATIONAL GUARD ASSOCIATION OF THE UNITED STATES

Senator INOUYE. Our next witness represents the National Guard Association of the United States, Lt. Gen. La Vern E. Weber, retired.

General.

General WEBER. Good morning, Mr. Chairman. It is always a pleasure to appear before you and this panel representing the Army and the Air National Guard. We in the Guard know fully well that it is largely the result of your personal efforts and the efforts of this panel, too, that we owe the highest readiness level we have ever had in the Army and the Air National Guard, and we are grateful to you for that.

My expanded statement for the record provides background information on the roles and readiness of the National Guard and detail on personnel and equipment requirements. I would like to discuss a few issues that are particularly critical at this point in time.

TOTAL FORCE POLICY

The first is the National Guard Association views on the total force policy. The total force policy has been the basis of most of our successes over the past 20 years in increasing the readiness and reliability of the National Guard as a partner in the total force. This policy has been instrumental in achieving the startling successes of deterrence and the recent movement toward peace. It has worked well in the past and can serve just as well in providing a framework for the required force structure decisions of the future. We are convinced that now is the time to reemphasize the total force policy and use it to help provide maximum defense for our Nation at minimum cost.

Along that same line, we need to be sure we take advantage of the lessons learned during the previous force reductions. Past demobilizations decimated our defense capability and ultimately resulted in greater cost to reconstruct our forces. Premature actions can be devastating in the National Guard. That is true in cases where missions or structure changes are initiated and then reversed and also in instances where the initial action is based on the philosophy of equal cuts for all.

The Guard has difficulty overcoming the turbulence of such actions because of its basic structure and nonmobile manpower resources.

FORCE STRUCTURE

While drawdowns on overseas deployed forces can probably proceed at this early point, force structure reductions in the National Guard should be deferred until the new military strategy is defined and resulting force structure and force mix decisions are more firm. This committee supported that position last year when it was instrumental in restoring force structure that was cut by the Active services. Funding for that structure has not been requested in the fiscal year 1991 budget, and we again ask for your support in restoring funding for these same units, including the forward air control unit in Hawaii and the additional eight C–130H aircraft in Nashville, TN.

The total cost to maintain the Air National Guard's structure is about $27 million. While Army Guard force cuts were not programmed in fiscal year 1990, the Army Guard has since been directed to reduce end strength to 10,000 below the authorized level in fiscal year 1990 and to remain at that level in fiscal year 1991. We urge restoration of the total 10,000 manpower spaces until more firm force decisions have been made. If allowed to maintain the fiscal year 1990 authorized strength, an addition of approximately $88 million would be required in fiscal year 1991.

We know the Congress is seriously attempting to determine what role the National Guard and Reserve should have in the rapidly changing defense posture. We believe there are two aspects that must be considered in answering that question. The first is the cost effectiveness of the National Guard forces. Obviously, that must be a consideration when one of the primary drivers of change is the demand for budget reductions.

Most would agree that Guard and Reserve units are less expensive to maintain than Active forces primarily because of lower manpower and overhead costs and lower operating tempo.

The second factor could be termed combat effectiveness; that is, can they do the job, and are they accessible? We believe the answer to both questions is an emphatic yes. Certainly a combat readiness level of 84 percent in the Army National Guard is evidence that the application of the total force policy and the strong support of the Congress have resulted in a mission capable Guard force. The Air Guard's success is even better with all the flying units combat ready.

Accessibility is certainly harder to confirm, but the issue itself, we feel, is artificial and self-imposed. The Guard is ready and willing to serve. In fact, they have participated in almost all major conflicts and minor contingencies, but they have done so in many cases on a volunteer basis because of a political reluctance to use the available callup authority provided by Congress.

The bottom line is we know the Guard can provide lower cost forces, and we firmly believe they can provide mission-capable units across a broad spectrum of missions just as they have done this for the past decade.

The next question is, What missions are they best suited to perform? We believe the Guard is willing to approach this period of turbulence and change as an opportunity to improve their role in the total force and as a challenge to take on new or revised missions.

ROBUSTING CURRENT UNITS

One area that we strongly support is robusting of current units both in the Air National Guard and in the Army National Guard. Of course, as resources initially become available, they should be used to modernize the current structure wherever possible; but additional equipment and manpower falling out of the Active forces could be very effectively used to robust Guard forces, to maintain combat capability at a significantly lower cost.

Robusting, or increasing the size of current units, is the most cost-effective method of retaining mission forces. By simply adding equipment, manpower, and related resources to an existing structure, we can take advantage of economy of size with very little overhead growth. An example is this committee's direction last year that the Air Force reengine an additional 10 KC-135 tankers and then transfer them to the Air National Guard. The reengining is taking place, but funding for operation of the 10 aircraft in the Guard, a cost of about $23 million, has not been included in the budget. We need your help on this.

We also believe there are some missions that could be transferred from the Active components to the Guard, but all factors should be reviewed; that is, have we reduced costs or gained in some other area by taking such action. Possible areas include overseas rotation missions, some involvement in support of space missions, and expanded engineering and service functions.

The final point I would like to make relates to Guard involvement in the social fabric at the community, State, and National levels. The demographics of the Guard put us in a position of being the closest connection between the Defense Establishment and the people throughout our Nation.

Mr. Chairman, that concludes my remarks, but with your permission I would like to provide for the record a paper giving specific details on force structure and the end-strength restoration and funding for the KC-135 mission.

Again in closing, my thanks to you personally, sir, and to this panel for the continuing support you have given the Army and the Air National Guard. We appreciate it.

Senator INOUYE. Thank you very much, General. As you have pointed out, in each conflict whenever the Guard and Reserves have been called in they have come through with flying colors. In the case of Hawaii, we sent our 29th Infantry Brigade to Vietnam, and we are proud of what they did there. All of us here are proud of what the Reserves did in the recent Just Cause. I commend the Reserves, especially the Air Reserve, for the superb job they did there.

Thank you very much, General.

General WEBER. Thank you, sir.

[The statement follows:]

STATEMENT OF LT. GEN. LaVERNE E. WEBER

INTRODUCTION

At no time in our history has the world seemed so small a planet and every nation's destiny so intertwined. The pace of change in the modern world is greatly accelerated and the gravity of events in Eastern Europe, Central America and Southern Africa directly influence the decisions of our nation's leaders, as well as affect the lives of all Americans.

The perceived dramatic shifts in military threat, the called for revisions to defense strategies and the budget deficit impact are the back drop for the development of the authorization and appropriation for the Department of Defense in FY 1991. The decreasing threat is an indication of a positive step toward global peace. As we change the face of our military forces -- and we must make changes -- it is essential that we preserve the technology, skills and force structure that brought about and will sustain our success.

A policy of "peace through strength" and a high level of national resolve brought us to this crossroad. Only a measured, balanced adjustment to national strategies and resources will bring us safely through. The primary concern of the National Guard Association of the United States is that a hunger for a peace dividend, continuing budget deficit pressures and the euphoria over the seeming democratization of many of our adversaries will erupt into impatience and override cautious development of a direction and strategy for the future.

THE ROLE OF THE NATIONAL GUARD

Our nation has grappled many times with a military force reduction in the face of the uncertain. Historically, protecting the tangible resources in the militia or National Guard and Reserve has been both the viable and the chosen option. That course of action would again seem to be a prudent one. The National Guard Association of the United States asks for an unbiased evaluation within the Department of Defense and the Congress of the future role of the National Guard and Reserve force and for full support and modernization of the resulting force to allow it to fulfill its mission.

In the early history of our country, the militia was the first line of defense and the repository of military experience and skill. Over time, the capability of the militia was eroded as a result of political attitudes and constricted budgets. Not until implementation of the Total Force Policy in the early 1970s did the National Guard and Reserve resume the traditional role of a front line, real time partner in defense.

The National Guard role in the current military strategy remains that of an early mobilization force in the event of a national emergency, but, it also has become a critical portion of the conventional war fighting forces needed in limited contingencies and regional conflicts. Elements of the Army and Air National Guard will be required to activate and be functional within 72 hours of the start of a conflict. National Guard forces provide forward defense and early deploying units with missions that include early commitment in combat to sustaining theater combat, combat support and combat service support forces.

STATUS OF THE NATIONAL GUARD

Recent events, such as the performance of National Guard and Reserve units and personnel in Panama, participation in exercises and competitions, along with readiness ratings, confirm the validity of the Total Force Policy and the capability of these forces. The infusion of modern equipment and the modernization of existing equipment in the National Guard during the decade of the 1980s are paying the desired dividends. Personnel strength has been achieved and maintained with consistently high quality personnel. The goals of the National Guard Association of the United States for the 1990s are to continue these modernization efforts and to preserve military skills, experience and quality as the military force and strategy are redesigned.

Even with the tremendous strides of the 1980s, the Army and Air National Guard still perform their missions using 20 and sometimes 30 year old equipment and technology, which is not interoperable with the current generation active component equipment. National Guard equipment also lacks the essential survivability upgrades that have been applied to the active component equipment systems.

Equipment shortages continue to degrade mission readiness. It is essential that National Guard requirements be included with those of the active services early in the program cycle in order to provide for concurrent procurement of equipment for the Total Force. It is equally important that National Guard requirements be considered as decisions on redistribution of equipment resulting from force drawdowns are made. Such redistribution will have a positive affect on the number of modification programs that have to be developed or continued to ensure that the older equipment in the National Guard is maintained and upgraded to a combat effective level.

Effective recruiting and retention in the Army and Air National Guard preserve the training investment made in the active force by attracting prior service personnel, and expand knowledge and understanding of the military, by attracting non-prior service personnel. By continuing to include the National Guard in the full range of contingency plans, we ensure involvement and encourage the support of the entire nation. It is through a national resolve that this country has remained strong over its history. We cannot afford to overlook the cost effective citizen soldier as part of the answer to the defense budget spiral.

Training is a critical element in providing a ready National Guard. Budget restrictions have impacted on operating tempo and training resources. Further reductions of training resources will have an immediate adverse impact on National Guard readiness. Another factor that directly impacts on training is employer support. Programs to encourage support and to assist in resolving problems must continue.

FORCE STRUCTURE/FORCE MIX

The military threat and force structure, as a result of actions taken by this Congress and world events, are under thorough review. There are indications that the various services are approaching the review, the FY 1991 budget and the FY 1992-1994 projection with differing philosophies. Many scenarios are under consideration for the long-term. These potential revisions are based on hypotheses concerning START talks, CFE agreements and political developments in Eastern Europe. We hope they will also be based on the success of the Total Force Policy during the past 20 years, which fully involve the National Guard in all wartime plans.

At this time, Army proposals appear to be structuring a highly mobile force contained solely within the active Army, to include combat service support elements. The objective apparently is to meet all contingencies short of full war or protracted conflict through active structure. The Army proposal will relegate the Army National Guard and Army Reserve to fill backup missions in the European scenario and to provide forces required to mobilize in excess of 30 days. The Army has proposed a 10,000 end strength cut for FY 1990-1991 and projects a reduction for FY 1991-1994 of 76,000, to include two divisions, from the Army National Guard alone.

The Air Force has not taken that drastic an approach to restructuring. Their current strategy is to "configure the Air National Guard and Air Force Reserve to ensure their effective engagement in global conflict within days to weeks from development of a crisis." At the same time, they are hypothesizing a drawdown of five tactical wings. Air National Guard forces have consistently been included in previous drawdowns. In FY 1989 and FY 1990, Air Force force structure cuts to the Air National Guard in their budget request were reversed only through congressional action. No reductions in Air National Guard units or strength are projected in the FY 1991 budget request. However, the structure restored by Congress in FY 1990 has not been maintained. In addition, a breakdown of the possible FY 1992-1994 five wing cut has not been announced.

Based on the strong possibility that it may be desirable to move more units and missions into the National Guard and Reserve, it would appear prudent not to make any reduction in those forces at this time. The mechanisms that expand and contract the National Guard and Reserve are not as flexible as the active component; therefore, a premature drawdown would have a greater impact and be more difficult to reverse in the short term. Additionally, the National Guard and Reserve will serve to protect and retain some of the skilled personnel released from reductions in the active component. Losses from the National Guard and Reserve represent losses from the system totally.

MANPOWER REQUIREMENTS

The National Guard Association agrees with the leadership of the Department of Defense that the top priority should be personnel. The current high quality force of skilled professionals is the result of nearly 20 years under the all volunteer force and the lessons learned from the "hollow military." Manpower requirements have been carefully identified to fulfill the wartime and peacetime missions of the force.

Growth in the National Guard was significant throughout the 1980s, slowing only in the last years of the decade. However, the growth in full-time support and drill strength authorizations did not match the growth in requirements. As we enter the 1990s, the end strength growth trend has been drastically reduced and, in the case of the Army National Guard, has begun a downward slope. National Guard full-time support strength has been virtually a straight line for the past two years.

Before any reductions are applied to the end strength and full-time support authorizations of the Army and Air National Guard, there should be some consideration given to the existing validated shortages. Further, until the force structure changes being identified by the Department of Defense study and the revised threat are defined and integrated, the current force requirements must receive sufficient resourcing to provide adequate readiness. The existing shortages already represent an operational handicap; reductions on top will decrement readiness. Force stability has an offsetting affect to shortages, and in our view, it is important to protect that stability in the near-term decision making period.

PERSONNEL ENTITLEMENTS AND BENEFITS

Programmed force levels are achieved by ensuring the quality of life for soldiers and airmen. Entitlement programs have proven to be a significant incentive for membership in the National Guard. Unfortunately, a limited number of personnel policies and provisions in law fail to support the principles of the Total Force Policy and adversely impact recruiting and retention. Some possible low cost/no cost improvements are:

Basic Allowance for Quarters

Single members of the National Guard and Reserve without dependents are treated differently from all other categories of personnel with regard to basic allowance for quarters payment. This inequity was a problem in the early 1970s and continues to be a problem today. The costs of housing nationwide and the increased training requirements have exacerbated the affect of the inequity on the individual. Extending basic allowance for quarters to this group of service members is a low cost adjustment with potentially high return in retention and cost avoidance resulting from the more stable force. The primary beneficiaries of this change will be the lower grade enlisted personnel and junior officers.

Survivor Benefits

Benefits for survivors of members of the National Guard continue to improve. There are, however, three areas where we see serious flaws in the existing laws and regulations. There is a lack of a provision for any annuity for spouses of members who died between October 1972 and September 1978. The military sponsors of these individuals had fulfilled all requirements for retired pay except reaching age 60, the age when National Guard and Reserve retirement pay starts. These service members had fully expected to take care of their surviving spouses, but the law allowed the presumption that the sponsor would not have elected the coverage. We seek a monthly stipend for these surviving spouses.

There is a confusing delinking of benefits and annuity payments in the case of National Guard and Reserve surviving spouses. Those who receive an immediate annuity upon the death of their sponsor do not receive an identification card or eligibility for medical, exchange and commissary benefits until the anniversary of the sponsor's 60th birthday. In all other instances, military benefits and issuance of identification cards are linked to receipt of pay or an annuity. This policy serves to isolate National Guard and Reserve spouses and leave them vulnerable for health care coverage.

Several changes were made to the Survivor Benefit Plan during the first session of this Congress. We consider these changes to be forward looking and important improvements to the program. We have long advocated an option to allow a 50 or 55 percent annuity for life. We encourage a thorough evaluation of the question of a federal subsidy for such a high option. The current proposal contains no subsidy and would be prohibitive in cost during the lifetime of the sponsor.

EQUIPMENT REQUIREMENTS

Equipment modernization and procurement are essential to our military strategy and readiness. Equipment shortages and outdated technology continue to be critical limiting factors to mission readiness in the National Guard. Major gains have been made during the 1980s, but a total shortfall of $14.1 billion for the National Guard and Reserve still exists. Of the total shortfall, $7.3 billion is in the Army National Guard and $1.2 billion is in the Air National Guard. That represents a shortage of onhand versus wartime requirements of about 21 percent in the Army National Guard and 5 percent in the Air National Guard.

The Congress has provided strong support for National Guard equipment needs, particularly visible in the creation of a dedicated equipment account. This year, there has been a breakthrough in Total Force budget programming. The Department of Defense budget request specifically identifies dedicated equipment procurement and modification funding for the National Guard and Reserve in the Guard/Reserve equipment account. The modest budget request, while a momentous step, is insufficient to address the basic needs of the National Guard and Reserve. It will take all of us working together to find the cost effective solution to equipment shortages that inhibit the success of the Total Force Policy.

The most urgent Army and Air National Guard equipment requirements are addressed in brief in the following paragraphs.

Tactical Wheeled Vehicles

The tactical wheeled vehicle fleet of the Army National Guard is impaired by aging equipment and major shortages which adversely affect operations, training, mobilization and readiness capability. The mainstay of the fleet is the 5-ton truck. In addition; the current gasoline powered configured truck, which comprises much of the current inventory, is no longer supportable with repair parts from the Army supply system. We urge the Congress to support a combination of procurement of modern tactical wheeled vehicles and a service life extension program (SLEP) to modernize the Army National Guard fleet.

Utility Helicopters

The UH-60 Blackhawk helicopter is the Army standard for a utility helicopter. In the last eight years just 51 UH-60 helicopters have been delivered to the Army National Guard. Since the Army's distribution plan does not contemplate UH-60 procurement for the Army National Guard, the 20 year old UH-1H fleet will have to remain in the Guard inventory well into the 21st century. Significant differences in the capability and survivability of the two aircraft exist. To effectively modernize the Army National Guard utility helicopter fleet consistent with assigned mission, we urge the Congress to authorize and fund the procurement of at least 30 UH-60 Blackhawk helicopters with appropriate repair parts and ground support equipment.

Cargo Helicopters

The Army National Guard is responsible for the entire heavy lift capability of the Total Army and is operating with CH-54 helicopters which are on average 30 years old. The National Guard also has a substantial portion of the medium lift capability. The current Army modernization plan has no provisions to upgrade the CH-54 heavy cargo lift helicopter and will leave the Army National Guard medium/heavy-cargo lift fleet 16 helicopters short of validated requirements. This Association urges the Congress to provide $104 million beginning in FY 1991 specifically for production of eight new CH-47D helicopters per year until the Army National Guard medium/heavy-cargo helicopter fleet is fully modernized and equipped at required levels.

Attack Helicopters

Production of the AH-64 is scheduled to terminate with the FY 1991 authorization. Currently the Army has no follow-on attack helicopter in development. The gap created in the inventory will ultimately lead to deactivation of five helicopter battalions, three of which are in the Army National Guard, and to downsizing of units. Under the previous program replacement rate, Vietnam era UH-1M helicopters, which comprise 22 percent of the fleet, would have remained in the Army National Guard through the year 2000. The impact of the new distribution plan will be even more severe. The AH-1 helicopter comprises 64 percent of the Army National Guard helicopter fleet and does not have missile and night firing capability. In the face of decisions to terminate the AH-64, a modernization program for the AH-1S becomes essential for mid to long term operational capability. We urge your reconsideration of the termination of the AH-64 production and support for a continued procurement of 60 per year until all 15 Army National Guard attack helicopter battalions are fully equipped. We also urge you to support modernization of the AH-1 Cobra helicopter to provide missile and night firing capability.

Combat Communications-Electronics Systems

The outdated nature of the tactical communications systems equipment of the Army National Guard creates interoperability problems when interfacing with elements of the Total Force. Interoperability problems are being experienced in drug interdiction operations and training exercises. The Army National Guard tactical communications systems are no longer cost effective to maintain, and logistical support and active Army service schools are not readily available to support the older equipment. Data automation systems to support mobilization and deployment must be brought up to state-of-the-art capability. A comprehensive and integrated modernization program involving Single Channel Ground and Airborne Radio System, Mobile Subscriber Equipment, TRI-Service Tactical Communications and Reserve Component Automation System is required to provide the Army National Guard with near state-of-the-art capability.

Multiple Launch Rocket System

Currently, there are no procurement programs to provide the Multiple Launch Rocket System (MLRS) launchers and rockets to equip the nine Army National Guard divisions or to satisfy any additional MLRS needs for Guard corps artillery units. Your support of increased production to accommodate the issue of one complete battalion set of MLRS equipment per year to the Army National Guard until Guard requirements are satisfied is requested. It is also important to provide funds for rocket production sufficient to meet Total Army requirements.

Continued Production of the M1A1 Tank

The current conventional warfare strategies envision a significant role for armor, armored cavalry and cavalry forces. The Army National Guard provides 60 armor battalion equivalents to the tank force which comprises approximately one-half of the Total Army tanks in units of the Total Army tank fleet. The Army National Guard tank fleet consists of M60A3, M1 and M1A1 tanks, with the majority being the older, less survivable M60A3 models. Not filling Total Army tank fleet requirements with the most survivable and fightable M1A1 tank jeopardizes the way this nation has historically balanced numerical superiority with quality. Until it is clear that a conventional armor, armored cavalry force will have a more limited role in the defense strategy of this nation, we urge you to continue your support for production levels of at least 720 tanks per year until the Total Army tank inventory is modernized to meet its mission requirements.

C-130H Tactical Airlift Aircraft

The C-130H aircraft has proven time and again its capability as the mainstay support for intra-theater, assault and inter-theater airlift missions. The performance of Air National Guard C-130H aircraft in Operation Just Cause demonstrates that capability. With our worldwide commitments and a reevaluation of overseas stationing, airlift capability takes on a more critical role in the national defense strategy. In addition, this worldwide mission poses a potentially high threat environment from infrared missiles, radar guided missiles and radar directed guns. The Air Force has begun the development of a program to upgrade a limited number of Air Force C-130 aircraft with a defensive package to counter the threat. The Air National Guard is not included in that modernization until the mid-1990s or later. Further, because of the vital role of the C-130, a new C-130J configuration is being developed. It will offer significant improvements while substantially reducing manpower requirements and operation and maintenance costs. We fully support this initiative and anticipate concurrent introduction into the Air National Guard when it enters the Military Airlift Command inventory in 1994.

Your support of procurement of 12 C-130H aircraft for the Air National Guard is requested. Further, your support of a rapid development and installation of defensive survivability systems in the Air National Guard is important.

F-15A/B Multi-Staged Improvement Program

An F-15 multi-staged improvement program (MSIP) upgrade has been developed to improve the combat capability, reliability, maintainability and supportability of the F-15A/B/C/D fleet in the Total Air Force. The Air National Guard F-15A/B aircraft are not scheduled for upgrade until the late 1990s. Since the Air National Guard is scheduled to perform the same wartime missions, at the same time and in the same place as the active Air Force units, it is imperative that we have commonality of weapons systems and tactical air support capability as soon as practical. Your support to provide funds for Air National Guard F-15A/B MSIP upgrade for 26 aircraft per year until all aircraft have been modified is requested.

Modernization of F-16 Aircraft

The Air National Guard represents nearly one-fourth of the nation's tactical fighter force and will ultimately possess 76 percent of the F-16A/B inventory. The F-16A/B models represent 15 year old technology and have major differences from the newer Air Force F-16C/D models and these differences increase as the Air Force modernizes its fleet. Since the electronic combat hardware currently installed on the earlier models is limited against the current threat and fails to cover anticipated future threats, a phased improvement program has been developed to not only enhance survivability across a range of electronic threats, but to enable the aircraft to operate more safely. Your support of these capability improvements for all Air National Guard F-16A/B model aircraft is important in maintaining a compatible Total Force tactical fighter capability.

Communications Equipment

The combat effectiveness of the Air Force tactical mission forces is highly contingent on the capability of Air National Guard which possesses 66 percent of the total combat communications force. The older equipment, in some cases 1960s vintage, is becoming difficult to maintain due to increasing component failure and shortages of repair parts. More importantly, the current equipment is incompatible with the active component state-of-the-art equipment forcing communicators to turn off the new secure and state-of-the-art communications features in order to communicate. We urge you to support modernization of the Air National Guard communications-electronics equipment so that we are no longer wasting technology and compromising our communications.

Modification of F-15/F-16 Aircraft F100-PW-100/200 Engines

An engine retrofit modification, F100-PW-220E, has been developed which will upgrade the 15-year old technology of the current F100-PW-100/200 to the equivalent capability of current production models. The upgrade package will significantly increase reliability, reduce required maintenance and improve performance. The Air Force is in the process of upgrading all of its F-15/F-16 fleet. An Air National Guard upgrade schedule that is compatible with the Air Force upgrade requires funding to begin in FY 1991. We urge Congress to begin an engine upgrade program for F-15/F-16 aircraft in the Air National Guard by providing funding in FY 1991.

Other Aircraft Modernization Requirements

The Air National Guard is projected to continue to provide significant portions of the tactical reconnaissance, tactical airlift, tactical fighter and air rescue forces of the Total Air Force. Each of these areas requires modernization. Therefore, we request congressional support for development of a follow-on tactical reconnaissance system, continued development and procurement of the C-17 and continued procurement of tactical fighter aircraft for the Total Air Force and for procurement of HC-130N aircraft for National Guard rescue units.

Miscellaneous Equipment

Since FY 1982, Congress has been providing funding for National Guard mission essential equipment to be selected by the Chief, National Guard Bureau, based on the most pressing shortages. Perpetual shortages in relatively low cost combat support and combat service support equipment have detracted from the gains made in equipment modernization as a whole. It is these day-to-day shortages of medical equipment, water purification systems, communications equipment, battle damage repair tool kits, etc., that miscellaneous equipment funding effectively resolves. We strongly urge the Congress to continue to improve equipment readiness levels by providing miscellaneous equipment funding for the Army and Air National Guard each year within the Guard and Reserve equipment account.

Operational Support Aircraft

Fixed-wing support aircraft are needed in the Army and Air National Guard to provide the capability to meet mobilization requirements of the state area commands, to transport personnel for command, control and supervision of subordinate elements, and to support movement of personnel, equipment and supplies to and from training areas, ranges and detached alert sites. Sixty percent of the mission support aircraft in the Army National Guard fleet are over 30 years old and are rapidly becoming logistically unsupportable. Additional aircraft are also needed in the Air National Guard to meet growing support requirements. We encourage Congress to support a procurement program that provides six modern C-26 aircraft per year to both the Army and Air National Guard until the mission and operational support requirements are met. In addition, procurement of ten C-23 aircraft for the Army National Guard will provide needed logistical support aircraft capability.

SUMMARY

We sincerely appreciate the strong support of Congress in providing manpower, equipment and training resources and facilities in the past. That support, along with the support given by the Services and the Department of Defense under the Total Force Policy, has allowed the Army and Air National Guard to greatly increase their combat readiness during the 1980s and enter the 1990s confident of their ability.

In the face of major force structure decisions, we are concerned that inter-service competition will provide the basis for an effort to dismantle the Total Force Policy and relegate the National Guard and Reserve to their pre-1969 role. As we enter a new era of budget constraints and force structure realignment, we believe this nation should be building on its successes and strengths addressing the needs of all Active, National Guard and Reserve components to develop the most effective defense force to meet the realistic threat for the lowest possible cost.

We believe the strength of this nation is in the will of its people and their resolve. The National Guard and Reserve provide a unique tie between the people and their desire for freedom. The presence of National Guard and Reserve personnel and units in worldwide exercises has strengthened our posture and added credibility to the "peace through strength" philosophy. It is important that these forces be realigned according to their capability and contribution today, not judged by perceptions of the past.

It is imperative that we have an increased commitment to meet balanced Total Force requirements. Shared responsibility demands that the Army and Air National Guard be reflective of the active services. With the current and expected interactive and augmenting missions, we must mirror one another in organization and equipment. The Total Force Policy strove to bring that alignment. It is both logical and cost effective. Shared responsibility also demands equitable sharing of resourcing to meet present and future mission requirements. Tightening budgets make living up to these standards contentious.

The National Guard Association of the United States recognizes the role of the National Guard in the Total Force, acknowledges that the world situation mandates changes, and accepts the responsibility to communicate the needs and capabilities of the National Guard. We intend to express our concern in every forum available when resources are insufficient for the National Guard to attain and maintain the readiness required, or when force structure realignments fail to fully consider the resources, capabilities and potential cost savings available through National Guard force structure. The Total Force Policy has brought us success, we shall strive to ensure the basic tenets of that Policy are preserved.

A. *ANG Force Structure Not Contained in FY 1991 President's Budget Request*

1a. *The DoD decided not to extend most of the FY 1990 ANG Congressional force structure restorals to FY 1991 President's Budget Request.*

- *In order to restore these units to their original total PAA, preserve force structure, personnel, and related resources, the following should be restored to the FY 1991 President's Budget Request:*

	Aircraft PAA		Flying	Personnel E/S			Funding Required by Appropriation ($ in millions)				
Location	Programmed	Directed	Hours	Tech	Drill	AGR	O&M	Mil. Pers.	MILCON	Aircraft Procurement	TOTAL
March AFB, CA	18 OA-10A	24 OA-10A	+1,010	+ 28	+ 44	+ 7	$ + 2.7	$+ 0.5	$ -	$ + 0.2	$+ 3.4
Moffett Fld NAS, CA	4 MH-60G	5 MH-60G	+ 256	+ 5	+ 3	-	+ 0.4	+ 0.0	-	+ 0.0	+ 0.4
Andrews AFB, MD	18 F-16A/B	24 F-16A/B	+ 896	+ 20	+ 65	+ 4	+ 3.2	+ 0.5	-	+ 0.3	+ 4.0
Capital Apt, IL	18 F-16A/B	24 F-16A/B	+ 896	+ 20	+ 65	+ 4	+ 3.2	+ 0.5	-	+ 0.3	+ 4.0
Suffolk Co. Apt, NY	3 HC-130P	4 HC-130P	+ 300	+ 8	+ 6	-	+ 1.0	+ 0.1	-	+ 0.0	+ 1.1
Nashville Apt, TN	8 C-130H	16 C-130H	+2,523	+ 67	+265	+22	+ 7.4	+ 2.4	-	+ 0.2	+10.0
Hawaii FAC-P	-	-	-	+ 28	+ 90	-	+ 1.0	+ 0.4	+ 3.3	-	+ 4.7
Channel Isl, CA	16 C-130E	16 C-130E	-	-	+152	+11	-	-	-	-	-
Totals	85	113	+5,881	+176	+690	+48	+18.9	+ 4.4	+ 3.3	+ 1.0	+27.6
1b. Announced Force Structure Changes Subsequent to Paragraph 1a Above:											
March AFB, CA	24 OA-10A	18 RF-4C	-2,324	- 20	+ 46	- 6	+ 8.7	+ 0.6	-	+ 0.4	+ 9.7

2. *Congressionally directed force structure changes not in the FY 1991 President's Budget Request:*

- *The Congress directed the transfer of ten additional KC-135 aircraft to the ANG. This action provides for the operation and support of those ten additional aircraft.*

Location	Programmed	Directed	Hours	Tech	Drill	AGR	O&M	Mil. Pers.	MILCON	Aircraft Procurement	TOTAL
Various	10 KC-135E		+1,520	+120	+289	+125	+ 7.4	+ 4.4	+11.3	+ 0.1	+23.2
GRAND TOTAL							+35.0	+ 9.4	+14.6	+ 1.5	+60.5
B. Army National Guard End Strength Restoral											
Various					+10,000		+10.0	+78.0	-	-	+88.0

NOTE: *Funding Based on Maintaining Higher Level Strength in FY 1990.*

A. ANG Force Structure Not Contained in FY 1991 President's Budget Request

1a. The DoD decided not to extend most of the FY 1990 ANG Congressional force structure restorals to FY 1991 President's Budg Request.

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Moffett Fld NAS, CA	4 MH-60G	5 MH-60G	+ 256	+ 5	+ 3	-	+ 0.4	+ 0.0	-	+ 0.0	+ 0.
Andrews AFB, MD	18 F-16A/B	24 F-16A/B	- 896	+ 20	+ 65	+ 4	+ 3.2	+ 0.5	-	+ 0.3	+ 4.
Capital Apt, IL	18 F-16A/B	24 F-16A/B	+ 896	+ 20	+ 65	+ 4	+ 3.2	+ 0.5	-	+ 0.3	+ 4.
Suffolk Co. Apt, NY	3 HC-130P	4 HC-130P	+ 300	+ 8	+ 6	-	+ 1.0	+ 0.1	-	+ 0.0	+ 1.1
Nashville Apt, TN	8 C-130H	16 C-130H	+2,523	+ 67	+265	+22	+ 7.4	+ 2.4	-	+ 0.2	+10.
Hawaii FAC-P	-	-	-	+ 28	+ 90	-	+ 1.0	+ 0.4	+ 3.3	-	+ 4.7
Channel Isl, CA	16 C-130E	16 C-130E	-	-	+152	+11	-	-	-	-	-
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2. Congressionally directed force structure changes not in the FY 1991 President's Budget Request:

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Various	10 KC-135E		+1,520	+120	+289	+125	+ 7.4	+ 4.4	+11.3	+ 0.1	+23.2
GRAND TOTAL							+35.0	+ 9.4	+14.6	+ 1.5	+60.5

B. Army National Guard End Strength Restoral

Various					+10,000		+10.0	+78.0	-	-	+88.0

NOTE: Funding Based on Maintaining Higher Level Strength in FY 1990.

ASSOCIATION OF CIVILIAN TECHNICIANS

STATEMENT OF JOHN T. HUNTER, NATIONAL PRESIDENT, ASSOCIATION OF CIVILIAN TECHNICIANS

Senator INOUYE. Our next witness is the national president of the Association of Civilian Technicians, Mr. John T. Hunter.

Mr. President, welcome, sir.

Mr. HUNTER. Good morning, sir. It is a pleasure to be here, and I thank you for the opportunity to appear before this committee today. My testimony will address four areas of concern. The first is the active Guard and Reserve program; the second is the technician military education program; the third is the military uniform requirement; and last, the use of Federal equipment by private organizations.

In this time of economic and budget constraints and the proposed reductions in defense spending, the active Guard and Reserve program must be examined more carefully than ever before. Full-time support for the National Guard and Reserves is provided by both civilian technicians and AGR's.

AGR PROGRAM

The AGR costs the taxpayer much more than the civilian technician program. Through the years, there have been many reports—an NCR report, an SNI report, several GAO reports, and recently a Congressional Budget Office report. Each has found that the AGR program continues to be mismanaged and more costly than the technician program. Yet, the AGR program continues to grow. In fact, during the 1980's, 88 percent of the growth in the full-time support program has been in AGR increases.

As late as February of this year, the General Accounting Office released another study of the Reserve components. It was titled, "Opportunities To Improve Management of the Full-Time Support Program." Did it find any improvement in the management of the AGR program or a reduction in the cost of the AGR program? No; it has not. It found the program to be mismanaged, that the Army's requirement for 120,000 full-time support personnel lacked sound justification; that the unit AGR staffing guides are established without workload analysis and without any degree of accuracy, and that a comparison of the two personnel categories found technicians to be less costly.

This same GAO report cites previous reports that either personnel category, AGR or technician, can be used to fill full-time support positions. It also states that the DOD and congressional committees have directed that the most cost-effective mix of personnel be used. Stephen Duncan, Assistant Secretary for Reserve Affairs, testified to that effect before the House committee on April 4.

It has been determined that a savings of at least $600 million annually could be realized by replacing AGR's with the civilian technicians. Yet, early this year the outgoing Chief of the National Guard Bureau, General Temple, recommended a phaseout of the technician program. It is our opinion that General Temple wants to phase out the wrong program.

I recommend that no additional funds be provided for AGR growth, that the AGR program be allowed to phase out through attrition, that extensive hearings be conducted on the full-time support program in the National Guard and Reserves, and that language be included in the appropriations act to prevent the conversion of any technician positions to AGR status.

ARMY NATIONAL GUARD'S MILITARY EDUCATION PROGRAM

The next item I would like to bring to the committee's attention is the implementation of the Army National Guard's Military Education Program [MEP], renamed Professional Development Program [PDP], as it applies to the civilian technician work force. This discriminatory program, required for promotion in the National Guard, applies only to technicians and has not been placed upon other guardsmen. Technicians, 10 percent of the Guard strength, are subjected to MEP/PDP; the other guardsmen are not.

The MEP and PDP Program is rife with confusion. Each State interprets the guidelines a little differently. Readiness and training NCO's are not completely familiar with the training requirements. Many training records are incomplete and inaccurate, and, to add to the confusion, course titles and training objectives of previous schooling has been altered. The result is that many technicians are being required to attend courses of instruction not necessary to meet promotion requirements, and this all adds to the high cost of a program that should never have been initiated in the first place.

All guardsmen should be equally trained. All guardsmen should have an equal opportunity for promotion. It is time that all guardsmen met the same standards. I respectfully request that the DOD/MGB be instructed by this committee that no allocated training funds should be utilized in support of a MEP and a PDP requirement for the civilian technician work force.

The third item that warrants discussion is an unnecessary expense in the requirement that civilian technicians wear a military uniform while performing their day-to-day civilian duties. It is an unnecessary expense because there is no acceptable reason for this requirement. For years, technicians wore civilian attire during the civilian workweek and are proud to wear the military uniform while in military status during the weekend drill assemblies or their 15-day training periods.

Technicians are Federal civilian employees governed by civilian personnel regulations and paid under general schedule and wage grade salary procedures. During that technician workweek, they are not subject to military personnel regulations and they do not receive military pay and benefits. The cost of military clothing items continues to escalate. Why waste the funds by dressing civilian employees in a military uniform? A committee ban on this requirement would save millions of dollars annually.

USE OF GOVERNMENT EQUIPMENT AND PERSONNEL

Finally, we have the use of Government equipment and personnel by private organizations. The House Armed Services Committee in Rept. No. 100-563 accompanying the Defense Authorization Act for Fiscal Year 1989 has given the service secretaries authority to approve air and ground transportation, communications, administrative, and security support for national military associations in support of their conferences.

This authorization will be a blank check for organizations such as the National Guard Association and the Adjutants General Association to use National Guard aircraft, vehicles, and personnel without cost to those organizations. For example, just recently 28 National Guard aircraft were used to fly National Guard Association delegates to and from their convention in Detroit this past September.

I respectfully request that the committee instruct the DOD that no funds are to be utilized in support of any private organization.

In summary, Mr. Chairman, I offer four areas in which this committee can provide for better utilization of much needed tax dollars:

One, phase out the active Guard and Reserve program and make the funds available to increase the technician strength;

Two, require all guardsmen to meet equivalent training standards by eliminating funding for a PDP technician requirement;

Three, put civilian technicians back into civilian attire. Do not fund the military uniform requirement for the civilian technician; and

Finally, instruct the Defense Department that no agency funding is to be utilized in support of private organizations.

That ends my testimony, Mr. Chairman, and I certainly appreciate the opportunity to appear today.

Senator INOUYE. I thank you very much for your suggestions. I am certain they will provoke much reaction from some of your friends sitting in the back there.

Mr. HUNTER. I am sure.

Senator INOUYE. I will instruct my staff to begin preparing an in-depth memo for my study, and I can assure you I will look into these matters very carefully.

Mr. HUNTER. I appreciate it, Mr. Chairman. Thank you very much.

[The statement follows:]

STATEMENT OF JOHN T. HUNTER

Mr. Chairman and members of the committee, I appreciate the opportunity to once again appear before this committee and present our organizations views on the full-time support program within the National Guard. I would also like to take this opportunity to express our sincere thanks for your continued support. My testimony will address four areas of concern. (1) the Active Guard and Reserve (AGR) Program; (2) Military Education Requirements; (3) The Military Uniform Requirement; and (4) The use of Federal equipment by private organizations.

In this time of economic budget constraints, and the proposed reduction in Defense spending, the "value" of the AGR program must be examined more carefully than ever before. However, we do not use the word "value" to mean just the financial cost of the program, but whether or not it has enough intrinsic value to justify its existence.

It is, and has always been, our contention that it is of little value, extremely wasteful, and has failed to live up to its promise. Its minimal value can be traced to the very concept of what the program was supposed to achieve and the way it has been managed. For reasons, which we will make clear, it could not live up to its highly vaunted forecasts. Its failure to live up to the inflated statements uttered by its creators will be easily understood when you hear how AGR's are trained, what it is AGR's do, and how they have been assigned. Truly, it can be said that the AGR program was doomed from the start. Its waste is readily apparent to anyone who examines the high pay and benefits given to AGR's, which at the same time are denied to civilian technicians who do exactly the same work.

The seed for the AGR program was planted in 1975 when Congress directed DOD to use the least costly form of manpower in the DOD Appropriations Act of 1975, Public Law 93-365. In 1976 the Defense Manpower Commission, in its report to the President and Congress, concluded that $270 million could be saved annually by replacing all Army and Air Force reserve component technicians with Guardsmen and Reservists on active duty. The following year Major General Francis Gerard, conducted a comprehensive review of the Full-time support program. The "Gerard Study" recommended the retention of the technician program but a test AGR program was still put into effect.

In its' November 1980 report to the Deputy Assistant Secretary of Defense for Reserve Affairs, Management Consulting & Research Inc. stated there would be no significant cost savings in converting technicians to AGR status and that additional costs could be incurred due to pay and benefit differentials and lower military manpower availability. MCR also reported no measurable change in unit readiness due to the conversion test and that job perfomance showed no significant difference between the dual status technician and full-time military personnel.

In 1983 the Surveys and Investigative Staff of the House Appropriations Committee reported that the National Guard Bureau's "four sergeants per unit" plan would cost approximately $115,000 annually per unit. Formerly, two technicians did the job at an approximate cost of $42,000. Back in the early 1980's it was already apparent that AGRs would cost more than additional technicians but the AGR program continued to grow.

When the AGR program was first proposed, its alleged benefits were announced with high-flown statements that now only bring a cynical smile to the face of anyone who has studied it. The same is true of all the praise that has been heaped on it since its inception. For example, AGR's were going to be assigned to deployable units. They would then be able to improve the training level of the units and enhance their mobilization readiness. Also, the AGR program was going to provide the Reserve Components with a broad breadth of experienced personnel. They would perform duties which were a departure from the traditional administrative support role performed by civilian technicians and provide units with personnel who had a broad range of military skills. Not only has the AGR program failed to live up to these glowing standards. The Civilian Technician program has managed to consistently prove its superior value. Whatever modest benefits the AGR program has provided, it is in a large part due to the constant help and sustenance provided by technicians. Meanwhile, these modest benefits have been purchased at a very high cost.

It would not be possible for the AGR program to achieve its goal unless its personnel are properly utilized. When we examine the program, we find that one-third of its personnel are not even in deployable units. In some individual states, the percentage is as high as 48%! It also means that most of these AGR's are not mobilizaton assets. The managers of the AGR program have assigned many thousands of AGR's in a manner that can only be characterized as a conspicuous disregard for one of the basic reasons for its creation. The AGR's we are talking about are those which have been assigned to the State Area commands (STARC). These personnel have no specific commitment to report to a mobilization station. Many of them never will, for their mobilization assignment is to stay behind, within the boundaries of their home states, and perform administrative, security, and housekeeping duties. More than that, some of those STARC personnel have duties that require no combat training, nor are they issued any combat equipment, nor are they assigned to any combat unit. Technicians, by law, must work, train and deploy with their units. This requirement is prescribed by the National Guard Technician Act of 1968, Public Law 90-486.

But, there are more serious and far-reaching faults with the AGR program, that discredit it completely. AGR's only do work that can, is, or was done by technicians. This is a bed-rock, categorical statement. In most cases, both groups do the same work. Where there is a difference, it is only because the managers of the AGR program will not permit technicians to do them. Most interestingly, those tasks used to be done by technicians. Therefore, we have an act of deception, when friends of the AGR program try to prove its necessity. For years they have tried to demonstrate that AGR's are a special group of employees, separate and apart from technicians. But, no amount of deceptive arguments can alter the truth. It is not true.

In order for the committee to verify what it is that AGR's are expected to do on a day-to-day basis, it need only examine the published AGR Job Descriptions. After having done so, it would be beyond comprehension for anyone to continue any belief in the lie that AGR's do work that is unlike that which has been done by technicians. AGR's are nothing but a redundancy, who do work, that historically, was the sole province of technicians.

To further underscore the relative values of the AGR and Civilian Technician programs, we now make another categorical statement. Technicians alone are permitted to work in maintenance shops of the Army National Guard. We stress this point, because, at times, it has been said that one reason for the AGR program was to provide well trained, highly skilled, personnel, who would be needed to deal with the new and complex equipment entering the Army's inventory.

However, when a new piece of equipment enters the Army National Guard inventory, it is technicians alone who encounter it first. It is they who perform the necessary Technicial Inspection, before any equipment is accepted for use. Further-, more, if any equipment is in need of major repair or maintenance, it is technicians who do it. Please keep in mind that we are speaking of the entire scope of such repair from patching a ripped tent, to calibrating sophisticated electronic equipment, to repairing a tank or howitzer, etc. Without fear of contradiction, it can be said that technicians are far more valuable to the Army National Guard than are AGR's. For, not only can they match AGR's, job-for-job in the administrative area, it is they alone who keep equipment up to standard, without which, no unit could enter battle.

As far as the Air National Guard is concerned, we have a somewhat different picture. But, friends of AGR's can take no comfort from it. Once again, AGR's and technicians both perform administrative duties. On the flight line, they are both involved in getting 'planes ready for flight. But, there is no distinction in the work they do. What one does is done by the other. Is it any wonder that technicians, with many years of experience on the job, ask why AGR's have been satellited upon the Air National Guard? If they do nothing special, why are they here? Why does the Air National Guard need them? Interesting to note, the Air Force Reserve does not embrace the AGR Program. During testimony before the House Defense Appropriations Subcommittee on May 13, 1982, Major Genearl Richard Bodycombe, then Chief of the Air Force Reserve, stated: "As you know, one of the main reasons we have been so successful in maintaining readiness in the Air Force Reserves is our Air Reserve Technician program. " A year earlier he testified that the Air Reserve was very happy with its "mix" of mostly technicians.

We also draw the committee's attention to the fact that many Air National Guard units still have a preponderance of technicians. Those units have participated in joint training exercises with the regular Air Force and have excelled. Now ask yourselves the same questions that technicians have been asking for years. After all, if units with so many technicians, can do so well against the regular Air Force, who needs AGR's? How are AGR's supposed to improve on the status of those units?

More than joint training exercises, there is hardly a day when Air National Guard planes are not on flight missions within and/or outside the continental United States. It is an exemplary record. The men and women of the Air National Guard have every right to take pride in their achievement. But, it would be ludicrous to say that this very fine record was brought about because of the AGR program, or that it played a major role in establishing it. This is due to the fact that there are many technicians still found in Air National Guard units. We ask the committee to remember how new the AGR program is in relation to the Civilian Technician program. Now think of all those technicians who have worked on aircraft for a longer period of time than the entire life-span of the AGR program. It is axiomatic that there is no substitute for experience. Therefore it is just common-sense reasoning which is needed to come to the conclusion that only technician have the deep quality of skills needed to do all the complex jobs required to keep modern aircraft ready for missions. It is not that AGR's have done nothing. All we ask of the committee, is to recognize that the true strength and backbone of the Air National Guard still comes from its civilian technicians. Adding AGR's was only of dubious and marginal value.

Since the very start of the Civilian Technician program, only one technician was employed in many Army National Guard units. That one individual was responsible for administration, supply, and training. When the AGR program started, there was an infusion into those units that was never permitted in the Civilian Technician program. We now have situations where there are four AGR's working in those same units! One specializes in training, one in administration, one in weapons, and one in supply. By the mere expediency of tripling the work force, the status of many units has improved. There is neither magic nor originality in that technique. It would have been amazing if things had not improved. More work is being done and in a more timely manner, because there are now more people available to handle the rising tide of work that is needed to keep the Army National Guard at a resonable level of combat readiness.

It is almost an embarassment to hear managers of the AGR program try and justify it on the basis of raw numbers alone. It may be the only valid contribution of the AGR program. But, it may be even a greater embarassment to hear AGR program managers try and deal with the concept that the improvements could just as well have been accomplished by hiring more technicians. They have no honest answers.

It is a travesty of logic and a deception of the worst kind, when it is said that AGR's were needed for the improvements. They simply represent additional hands to do the work. What is most significant, is that those hands only do work that was always done by civilian technicians.

How galling it is to hear the proponents of the AGR program laud the skills and achievments of AGR's. Meanwhile, technicians are either damned with faint praise or ignored. The truth of the matter is that the AGR program would be more of an empty shell than it is, if it were not for the availability of technicians. At this point, we ask you to think back to the original standards of the program. Of how it was going to provide skilled and experienced personnel with a wide variety of military capabilities. Does anyone doubt that technicians cringe when they hear statements of that sort?

It is a matter of simple logic that two groups of workers, doing the same work, will achieve the same results. How much intrinsic value can the AGR program possibly have? There was never any real need to graft the program unto the Reserve Components. Anything that had to be done, could have been done by simply hiring more technicians.

We would now like to turn your attention to the other definition of value which applies to the AGR program. Namely, the very high cost and financial burden it places on all of us.

AGR's are paid according to their military rank and longevity. This, despite the fact that they are not truly members of the regular armed forces. They reside in a gray world, between that of members of the armed forces and civilian technicians. That is to say, that they receive the pay and benefits of the former, while doing the work of the latter. In addition, they are not subject to the Uniform Code of Military Justice that applies to members of the regular armed forces, nor can they be transferred outside the limits of their home state. In fact, they work under the same conditions as laid down for technicians, and work the same work schedule. Consequently, AGR's never endure the hardships one usually associates with the life of a soldier or airman. For example, there are no rotations of duty from post-to-post; nor overseas tours of duty; or irregular duty hours; or long separations from ones family; etc.

We emphasize these issues, because of two reasons. First of all, we have encountered a rising criticism from members of the regular armed forces about AGR's. They want to know why AGR's get the same compensations they get, and at the same time, live such a different life. We regard the criticism as well-founded. So, we ask the committee to keep all of this in mind, when it hears what pay and benefits are given to AGR's, and whether or not the government is getting a proper return. Congress recognized the problem early-on. During hearings in 1982, then Chairman of the House Defense Appropriations Subcommittee, Rep. Joseph Addabbo stated: "The AGR program could affect Army morale since the benefit program is superior to the regular army.

Under the previous income tax law, AGR's received tax free payments amounting to 20% to 40% of their pay. This was due to the BAQ, BAS and VHA they receive. The difference in percentage depends on the rank and longevity. However, civilian technicians get no tax free payments. This, despite the fact that they all do the same work. Why are AGR's worth this very handsome tax break? It is tantamount to a gift. Once again, consider a technician's viewpoint under this circumstance. Also, consider for example, AGR's get free medical care and unlimited sick leave. It is the government which pays and provides. We need not tell the committee of the current high cost of medical care and how many people would like to have free medical insurance, along with all the time necessary to recover from an illness, and at the same time, not be charged for it. The cost of the medical insurance can be estimated very closely. It reaches into the millions. But, the man-hours lost between one group who has unlimited sick leave privileges and another, who must accrue sick leave, is more subtle. However, it is apparent to anyone who knows anything about the cost factors of employes, that an unlimited sick leave policy is far more costly. Again, the AGR's prove to be the more costly group. Now add to this a generous annual leave policy, granted to them each and every year. It takes many years for a technician to reach the maximum level of 26 days annual leave a year. AGR personnel receive 30 days from the very start. This type of unearned leave policy is very expensive, when put side-by-side with the one that applies to technicians. On top of all of this, there are a whole array of compensations given to AGR's which are denied to the technicians. The following are just a sample. Bonus payments, Survivor Benefit Plan, free legal counseling, state and local tax advantages. It goes on in a monotonous vein. We will not go any further with this topic, enough is enough. It should be abundantly clear that AGR's are very costly government employees.

Let us take a step backward and take a dispassionate view of the AGR program. What do we see? We see a government program that has not and cannot live up to its promise. We see a program that has been poorly managed. We see a program perform duties that are just an imitation of duties that are being performed by others. We see a program that treats its members as if they were members of the armed forces, when they are not. We see a program that had to draw sustenance in matters of skill and knowledge from the Civilian Technician program, and then claim them as their own. We see a program that has brought nothing new or different to the Reserve Components. We see a program whose limitations in the maintenance area make it less valuable than the Civilian Technician program. We see a program whose level of skill will take many years to match the level currently enjoyed by the Civilian Technician program. We see a program whose true contribution to improving the Reserve Commponents was the addition of personnel and nothing else.

All-in-all, it is an unsatisfying and disturbing display. Most shocking of all, is the realization that in a time of economic strife, we see a government continue to support a failed program. One that is extremely expensive and gives very little in return for all the money it costs.

In 1985 the General Accounting Office said an all civilian technician force would be less costly than all AGR force in its June 1985 study titled "Problems in Implementing the Army's Reserve Components Full-Time Manning Program". In November of the same year the Congressional Budget Office, in a report titled "Improving the Army Reserves", said the annual costs for AGRs would rise by over $1.5 billion between 1986 and 1990. It said the average pay rate for AGR personnel was estimated to be $42,000. Yet, the program continues to grow.

Senator John Glenn, during debate on Defense Authorization for FY-88 & 89 said: "I am concerned about the larger issue of the very sizeable number of personnel we have in our Reserve forces full-time manning program, and the extraordinary growth of this program in the short 7 years of its existence, To my way of thinking this full-time manning program has never been adequately justified, expecially not as the huge program it has become." Yet, the AGR program continues to grow.

In 1988 the GAO still found management and morale problems due to two full-time support programs - civilian technician and AGR - performing similar duties with different personnel procedures and different pay and benefits. This was reported in a Novemeber 1988 report titled "Opportunities to Improve National Guard and Reserve Policies and Programs." Yet, the AGR program continues to grow.

Years after its origin the AGR program is still plagued with mismanagement. Many individuals are using it for personal gain - unqualified AGRs are being assigned - technician positions are still being converted through the transfer process. Yet, the AGR program continues to grow.

As late as Febuary of this year, the Genearal Accounting Office released another study of the Reserve components titled "Opportunities to Improve Management of the Full-time Support Program", The GAO again finds the AGR Program to be mismanaged; Technicians to be the less costly of the two personnel categories; that AGR Unit Staffing Guides are established without sound justification; and that during the 1980's AGRs accounted for 88% of the growth in the full-time support program. Yet, the AGR program continues to grow.

It is our estimate that if an equal number of technicians had been hired to take the place of AGR's, the government would now be saving about $600,000,000 a year. In no way would this substitution endanger or degrade the effectiveness of the Reserve Components. Civilian Technicians, who taught AGR's what to do, would and could do everything currently being done by AGR's. Furthermore, they would do each and every task to the highest possible standard, which is something they have always done. Many years ago in 1967, General Winston P. Wilson, then Chief of the National Guard Bureau, told the Senate Armed Services Committee: "I hardly need to tell this committee that the splendid showing of National Guard in its mobilization for service in Korea and Berlin was due in large measure to the competence of its full-time technicians."

Seven years ago the Surveys & Investigative Staff of the House Appropriations Committee found the AGR Program to be mismanaged, too costly and that too many management and supervisory positions were being filled with AGR's. The GAO now finds the exact situation exists today only now there isn't even justification for the AGR staffing guides. On April 4, 1990 Stephen M. Duncan, Ass't Secretary for Reserve Affairs, testified before this committee that "The management structure and guidance must be continually reviewed to ensure most cost effective full-time support force is maintained." Years ago there was a move to replace technicians with AGR's for a possible saving of $270 million annually. Today, over $600. million can be saved by replacing AGRs with Technicians. Does the National Guard Bureau and DOD say phase-out the AGR program? No! The recently retired Chief of The National Guard Bureau General Herbert R. Temple, in an article written for the Reserve Officers Association Magazine "The Officer", says phase-out the Technician program. The Technician program has always provided the continuity and stability essential to a part-time Army. General Temple wants to phase-out the wrong program.

RECOMMENDATIONS

1. No additional funds should be provided for AGR growth.
2. Phase out the AGR program through attrition. All full-time support positions should become technician positions controlled by OPM Job Grading Standards. Allow AGR's the option of applying for deployable technician positions. (By law, all technicians must work, train and deploy with their units). Transfer of finds from AGR to Civilian personnel accounts will be required.
3. Conduct extensive hearings on the full-time support program

in the National Guard and Reserves. Investigative teams should be dispatched into the various units.

4. Incorporate the following language into the Defense Appropriations Bill:

" None of the funds appropriated by this act shall be available to convert a position in support of the Army Reserve, Air Force Reserve, Army National Guard and Air National Guard occupied by, or programmed to be occupied by, a civilian technician to a position to be held by a person in an Active Guard or Reserve status if that conversion would reduce the total number of positions occupied by, or programmed to be occupied by, civilian technicians of the troop program unit or squadron unit concerned, below the number of positions occupied by civilian technicians in those units as of the end of FY-91."

The next item I want to bring to the Committee's attention are the many problems that exist since the implementation of the Army National Guard Military Education Program (MEP), and the Professional Development Program (PDP) as it applies to Civilian Technicians.

*The National Guard Bureau instituted a Military Education Program (MEP) that applied only to civilian technicians employed by the National Guard. That discriminatory program required technicians to attend active component military schools to qualify for military promotions in the National Guard. The requirement was not placed upon other Guardsmen who continued to be qualified for promotion by attending state schools.

*The General Accounting Office investigated "MEP" and found it to be more expensive than state schools, that the training could be accomplished just as well at state schools, and that there was a financial burden on technicians.

*Congress recognized the "MEP" problem and ordered a one-year phase-out of the program in the FY-89 Defense Authorization Bill.

*NGB then issued a new policy titled Professional Development (PDP). It is a form of the old "MEP" and is still discriminatory as it only applies to National Guard civilain technicians.

*"PDP" does provide for training at state schools. But, if the required training is not available the technician can elect to take a skill qualification test (SQT) and if scoring 60 or better be considered qualified for promotion - except that he/she must attend battle skills training at Camp Robinson in Little Rock, Ark.

* The Congress has clearly stated that technicians should be required to attend "Battle Skills" training only if necessary to the technician's military occupational specialty. Yet, the National Guard Bureau has informed the states that all technicians must attend "Battle Skills" training. Battle skills training is already covered in a soldier's common training task and certainly is not needed by combat veteran technicians.

* Confusion is rife in the MEP/PDP program. Each state interprets the guidelines differently. Many Readiness NCO's and Training NCO's are not completely familiar with the training requirements. Many of the training records are incomplete and inaccurate. To add further to the confusion, the course titles and training objectives of previous schooling have been altered. The result is that many technicians are being required to attend courses of instruction that they have already completed, or they have already met the qualifications, or are not necessary to meet promotion criteria. This all adds to the high cost of a program that should never have been initiated.

*Phase II training and SQT testing material is not available in many states. This forces technicians to attend active component schools to qualify for promotion.

*Technicians are denied promotion - and many have been demoted militarily - due to the discriminatory MEP/PDP requirement. Only technicians - 10% of the Guard strength - are subjected to MEP/PDP. The other Guardsmen (90%) are not.

*Technicians are required by law to hold compatible positions in the National Guard and to maintain qualification and promotion criteria to retain their technician positions. The more impossible NGB makes it for technicians to compete militarily with "M-Day" Guardsmen, the more difficult it becomes for them to continue federal employment.

*The Military Education Program (MEP) has not been phased out as Congress instructed. It has been altered and renamed Professional Development Program (PDP).

All Guardsmen should be equally trained - all Guardsmen should have an equal opportunity for promotion - it's time that all Guardsmen met the same standards. I respectfully request that the DOD/NGB be instructed by this committee that no allocated training funds are to be utilized in support of the MEP/PDP requirement.

The third item that warrants discussion as an unnecessary expense is the requirement that technicians wear the military uniform while performing their day-to-day civilian duties. It's an unnecessary expense because there is no acceptable reason for the requirement. The National Guard Bureau will tell you it is necessary for "Esprit De Corps", for purposes of discipline and to demonstrate to the public that the National Guard is a military organization.

What NGB doesn't tell you is that for many years there was no requirement for technicians to wear military uniforms. They wore civilian attire during the technician work week, with total dedication to their assigned duties, and were proud to wear the military uniform when in military status. As for discipline - when did it become necessary for an agency to dress Federal Civilian Employees in military uniforms to maintain discipline? Army and Air Reserve Technicians, and other DOD employees, wear civilian attire - is there any lack of discipline in those areas?

As for public appearance - let me state that it is a rare occasion when a member of the public is in a position to observe a National Guard Technician in the performance of his or her daily duties. Most are hidden away in maintenance shops, armories, air bases and headquarters buildings that provide no acess to the general public. But that same technician, while participating as a member of his Guard unit during weekend drill assembly, a two week field training period, an armory or air base open house, or a holiday parade, is proud to wear the military uniform.

Technicians are Federal Civilian employees, governed by civilian personnel regulations and paid under General Schedule and Wage Grade Salary procedures. During their technician work week they are not subject to military regulations and they do not receive military pay and benefits. The cost of military clothing items is constantly increasing - why waste the funds by dressing civilian employees in military uniform? A committee ban on this requirement would save millions of dollars annually.

The final item for discussion is the use of government equipment and personnel by private organizations. The House Armed Services Committee., in report number 100-563 accompanying the Defense Authorization Act for FY-89, has given the Service Secretaries authority to approve air and ground transportation, communications, administrative and security support for national-military associations in support of their conferences.

This authorization will be a "blank check" for organizations, such as the National Guard Association and the Adjutants General Association, to use National Guard Aircraft, vehicles and personnel without cost to those private organizations. For example, twenty-eight (28) National Guard Aircraft were used to fly NGAUS delegates to and from their convention in Detroit this past September.

I respectfully request that the committee instruct DOD that no funds are to be utilized in support of any private organizations.

In summary, I offer four areas in which this committee can provide for better utilization of much - needed tax dollars:

1. Phase-out the Active Guard & Reserve (AGR) Program and make the funds available to increase the Technician Program.
2. Require all Guardsmen to meet equivalent training standards by eliminating funding for the PDP training requirement for technicians.
3. Put civilian technicians back into civilian attire. Do not fund the military uniform requirement for civilian technicians.
4. Instruct the Defense Department that no agency funding is to be utilized in support of private organizations.

That completes my statement. I am prepared to answer any questions the committee may have.

National Association of Government Employees

STATEMENT OF EDWARD MURPHY, LEGISLATIVE DIRECTOR, NATIONAL ASSOCIATION OF GOVERNMENT EMPLOYEES

Senator Inouye. Representing the National Association of Government Employees, Mr. Edward Murphy.

Welcome.

Mr. Murphy. Good morning, Mr. Chairman. I am Ed Murphy, and I am legislative director with the National Association of Government Employees. We are an affiliate of the Service Employees International Union, the fifth largest union in the AFL-CIO. NAGE represents tens of thousands of Federal employees nationwide.

First of all, Mr. Chairman, I want to thank you for this opportunity to appear and testify this morning on some of the issues of concern to Federal workers.

CIVILIAN TECHNICIANS

The first issue I would like to address this morning is one of concern to the civilian technicians of the National Guard, and that is the technician AGR or Active Guard Reserve manpower mix. This issue is particularly relevant this year as the Congress focuses intently on the DOD budget for efficiencies and savings. This committee is one that is charged with the daunting tasks of making these cuts in a coherent and orderly manner which preserves our defense readiness.

One way the committee can save substantial amounts of money is through greater reliance on the technician work force. As you are aware, Public Law 93-363 directs DOD to use the least costly form of manpower consistent with military requirement. The DOD has consistently sought to evade this law by increasing the AGR work force at the expense of the technician work force. The evidence is clear that the civilian technicians are a significantly less costly form of manpower than is the AGR personnel. This finding has been documented by three reports—the MCR study of 1980, the SNI committee study of 1983, and the GAO report of 1985.

The technician work force has also been one of DOD's most productive. The civilian technician program of the National Guard has been an unqualified success. Civilian technicians have earned praise from all quarters as skilled productive workers who provide DOD with loyal experienced personnel who are a key mobilization asset. In competitions, both local Army and Air Force technician units have consistently performed superbly. In recent combat actions, technicians have also performed admirably.

Despite the overwhelming evidence of the capability and cost effectiveness of the civilian technician work force, the National Guard Bureau has continuously sought to rely on the AGR, to the detriment of the civilian technicians.

AGR PROGRAM

We would urge the committee to phase out the AGR program when it marks up the 1991 appropriations bill and mandate that technicians perform the work in substitution of this costly work force. These days when many difficult cuts need to be made in DOD, using technician work force in lieu of the costly AGR work force presents a relatively painless method of saving money and increasing productivity.

The second issue I would like to address this morning, Mr. Chairman, is one of contracting out. In recent years there have been many graphic disclosures of the wholesale inadequacies of the Government's method for contracting with the private sector. The OMB has mismanaged the A-76 program. Most incredible to us is OMB's failure to mandate appropriate financial tracking systems and auditing procedures for contractor performance. OMB lacks reliable data as to what the Government actually spends in contractor performance and how that relates to the performance by Government workers.

For over a decade, OMB has relied on the projected savings from contractor performance as its basis for asserting that contracting out saves money. It has never required a systematic audit of these contracts to determine if, in fact, their economic assumptions are valid even in the face of a comprehensive audit such as was performed last year by the House Appropriations Committee.

It is hard to imagine a major corporation which would tolerate accounting practices based on the unchecked assumptions of a handful of people, which is exactly what the Government has done in this situation. It is this sort of blind faith in the goodwill methods and practices of free enterprise, unchecked by responsible Government oversight, which led to the savings and loan crisis.

HOUSE APPROPRIATIONS STUDY

Last year in what may be the most comprehensive to date of the A-76 contractor performance, the House Appropriations Committee challenged DOD's reported savings from contracting out. The appropriations study indicated that the cost comparison process is flawed and has resulted in a misrepresentation of the overall budgetary impact of A-76 on defense. The appropriations study, in fact, determined that the A-76 program has actually increased the cost of defense operations.

The committee also found that the cost of contractor performance continued to escalate faster than the cost of in-house performance. The committee attributed this phenomenon to higher private sector wage increases, additional contract administration oversight and inadequate performance work statements.

GAO BACKLOG

The GAO has further reported that of the 940 cost studies underway as of January 1989, 411 were more than 7 years old. It is senseless for DOD to continue to target new functions for study when it has a backlog of this nature since every time an employee's position is put up for study his productivity declines dramatically. It makes no sense to make employees needlessly live for 7 years and longer under this sort of threat.

Last year the Appropriations Committee instructed DOD to comply with reasonable time limits in conducting contracting out studies. Unfortunately, DOD has indicated they are undecided as to whether or not they will comply with this language. We suggest that the committee deny use of the fiscal year 1991 appropriations funds for A-76 cost studies until the Secretary reports to Congress on DOD's compliance with last year's report language.

This concludes our prepared testimony. I thank you again for this opportunity to appear and testify on these important topics.

Senator INOUYE. Mr. Murphy, I thank you. As I indicated to Mr. Hunter, this matter will be given my most careful consideration.

Mr. MURPHY. Thank you, Mr. Chairman.

Senator INOUYE. Thank you.

[The statement follows:]

STATEMENT OF EDWARD MURPHY

The National Association of Government Employees is an affiliate of the Service Employees International Union, the fifth largest union in the AFL-CIO. NAGE represents tens of thousands of federal employees nationwide.

Our union represents thousands of civilian technicians of the National Guard. On behalf of our members, I want to express my gratitude to this committee for their support of this crucial workforce.

One issue of concern to this workforce is the technician/AGR manpower mix. This issue is particularly relevant this year as the Congress focuses intently on the DOD budget for efficiencies and savings. The changes in the world brought about by the collapse of communism create special and difficult problems for this committee in funding the DOD for FY 91 and beyond. It is clear that the Congress will reduce the size of the DOD budget in a very significant way. This committee is one of those charged with the daunting task of making these cuts in a coherent and orderly manner which preserves our defense readiness.

One way the committee can save substantial amounts of money is through greater reliance on the technician workforce. The Congress should phase out the AGR workforce and proportionately increase the technician workforce. As you are aware, Public Law 93-363 directs DOD to use the least costly form of manpower consistent with military requirements. The DOD has consistently sought to evade this law by increasing the AGR workforce at the expense of the technician workforce. The evidence is clear that civilian technicians are a significantly less costly form of manpower than AGR personnel. This finding has been documented by three reports, the MCR study of 1980, the S&I Committee study of 1983, and the GAO Report of 1985.

The study by the General Accounting Office comparing civilian disposable income with that received by military personnel clearly demonstrates the more generous income received by AGR personnel. Despite often doing the same job as technicians, AGR earn more money than technicians regardless of skill or experience. As was shown by a 1983 House Appropriation's Committee Survey and Investigation Report the additional cost of using AGR in the Army alone amounts to $42 million annually. This same 1983 House Appropriations Committee Survey and Investigation Report showed that a large percentage of the AGR positions are overgraded. In fact it is not uncommon to have a technician supervising an AGR who makes more money than the technician.

The AGR personnel also received more generous tax free benefits than technicians. AGR personnel are entitled to a full military retirement following 20 years of service at any age. By comparison technicians cannot retire until age 55 and only after 30 years of service. AGR personnel are also entitled to free medical care for themselves and their families, while technicians must contribute to their own insurance under the federal employees insurance system. AGR personnel are also entitled to selective reenlistment bonuses, in addition to educational, commissary, and housing allowances, none of which are available to technicians.

The technician workforce has also been one of DOD's most productive. The civilian technician program of the National Guard has been an unqualified success. Civilian technicians have earned praise from all quarters as skilled, productive workers who provide DOD with loyal, experienced personnel who are a key mobilization asset. The unique dual status of civilian technicians (i.e., civilian DOD employees who are also trained members of the Reserve or Guard), provides a model of the cooperation between the civilian and military sectors that is essential in time of war. Our civilian technicians provide an important military-civilian link during peace time. From their local base, civilian technicians provide full-time support for our Reserve and Guard forces. Consequently, they tie the two worlds together generating local interest in and awareness of

defense readiness needs. In competitions, both local Army and Air Force technician units consistently perform superbly. In recent combat actions, technicians have also performed admirabaly.

Despite the overwhelming evidence of the capability and cost effectiveness of the civilian technician workforce, the National Guard Bureau continuously sought to rely on AGR to the detriment of the civilian technicians. A study released by the GAO in February of 1990 documented this tendency showing that AGR accounted for the vast majority of growth in the full time support program.

We would urge the committee to phase out the AGR program when it marks up the 1991 Appropriations Bill, and mandate that technicians perform the work in substitution of this costly workforce. In these days where many difficult cuts in DOD must be made, using the technicians workforce in lieu of the costly AGR workforce presents a relatively painless method of saving money and increasing productivity.

Another area of mismanagement of the technician program has been DOD's persistent insistance that civilian technicians wear their military uniforms even while performing their civilian duties. The concept of citizen - soldier has a long and honorable tradition in this country. Allowing for standardized civilian dress perserves the unique status of the civilian technicians who are joined to both the civilian and military worlds.

They are very practical reasons for allowing technicians to wear standardized civilian attire. Most of our technician members are involved in the repair and maintenance of DOD hardware. These are jobs where the techinicans clothing will of necessity become soiled with oil, grease and grime. It demonstrates little respect for the uniform if it is to be worn under these circumstances. In fact, substantial numbers of active duty personnel in similar "dirty" occupations are allowed to wear blue coveralls while performing maintenance functions. Finally, the military uniform requirement imposes extra cost to the American taxpayer. We urge the Chair to adopt appropriate language to prevent this waste of federal funds.

Military Education Program

There is continued unfairness in the Military Education Program mandated by the National Guard Bureau for the civilian technicians of the National Guard. Last year's DOD Authorization Bill required that all technicians attend the Battle Skills course but if a technician failed to attend the course through no fault of his/her own, then technicians could not be denied a promotion solely because of his or her failure to attend the course. Technicians in this situation under the law should be promoted and provided with an additional time period to complete the course. Unfortunately, ambigious regulations drafted by the National Guard Bureau has encouraged the states to deny technicians promotion if they're not complied with educational requirements. This creates an injustice for technicians who are ready, willing and able to attend the skill but are denied an opportunity to attend the Battle Skills course because of a lack of slots.

Since it is apparent that the National Guard Bureau is unable to treat the technicians fairly in this matter and insists on holding them responsible for attending battle skills course irrespective of whether slots are available, we suggest one of two courses of action:

(1) Battle Skills courses be fully funded and immediately implemented, or

(2) Battle Skills course requirements be eliminated

Contracting Out

In recent years there have been many graphic disclosures of the wholesale inadequacies of the government's method for contracating with the private sector.

The OMB has grossly mismanaged the A-76 program. Most incredible to us is OMB's failure to mandate appropriate financial tracking systems and auditing procedures for contractor performance. OMB lacks reliable data as to what the government actually spends on contractor performance and how that relates to performance by government workers. For over a decade OMB has relief on the projected savings from contractor performance as its basis for asserting that contracting out saves money. It has never required a systematic audit of these contracts to determine if in fact their economic assumptions are valid even in the face of a comprehensive audit such as was conducted last year by the House Appropriations Committee. It is hard to imagine a major corporation which would tolerate accounting practices based upon the unchecked assumptions of a handful of people which is exactly what the government has done in this situation. It is this sort of blind faith in the good will, methods, and practices of free enterprise, unchecked by responsible government oversight which lead to the savings and loan crisis.

Last year in what may be the most comprehensive audit to date of A-76 contractor performance, the House Appropriations Committee challenged DOD's reported savings from contracting out. The Appropriations study indicated that the cost comparison process is flawed and has resulted in a "misrepresentation" of the overall budgetary impact of A-76 on defense. The Appropriations Committee in fact determined that the A-76 Program has actually increased the cost of defense operations by as much as $123 -$164 million per year for each of the last ten years. The Committee also found that the cost of contractor performance continued to escalate faster than the cost of in-house performance. The Committee attributed this phenomena to higher private sector wage increases, additional contract administration oversight and inadequate performance work statements.

The GAO has futher reported that of the 940 cost studies underway as of January 1989, 411 were more than seven years old. It is senseless for DOD to continue to target new functions for study when it has a backlog of this nature since every time an employee's position is targetted for study his productivity declines dramatically. It makes no sense to make employees needlessly live seven years and more under this threat.

Last year the Appropriations Committee instructed DOD to comply with reasonable time limits in contracting out studies. Unfortunately DOD has indicated that they are undecided as to whether they will comply with this language. We suggest that the Committee deny use of FY 91 appropriations for A-76 cost studies until the Secretary reports to the Congress on DOD's compliance with last year's report language.

This concludes our prepared testimony. We will attempt to answer any questions.

NON COMMISSIONED OFFICERS ASSOCIATION OF THE UNITED STATES

STATEMENT OF SGT. MAJ. C.A. "MACK" McKINNEY, U.S. MARINE CORPS (RET.), LEGISLATIVE COUNSEL

Senator INOUYE. Now, representing the Non Commissioned Officers Association of the United States of America, I am pleased to call upon Sgt. Maj. C.A. "Mack" McKinney, U.S. Marine Corps (ret.), legislative counsel.

Sergeant Major McKINNEY. Thank you, Mr. Chairman.

It is always a privilege to appear here before this distinguished subcommittee and, of course, before one of the most respected veterans of the Armed Forces, and I salute you, sir.

Our concern has been addressed in my prepared statement. We have covered such items or issues as compensation and cost of living adjustments for retired pay, medical care, survivors benefit, impact to aid, and MWR funding. But one of the most important points that I wanted to bring out, which I did not address at length in my prepared statement because we did not really have something that we could target toward in explaining just exactly what we were after—that is a transition plan for our folks in the military service.

MILITARY PERSONNEL DOWNSIZING

NCOA is particularly concerned with this area, because 83 percent of its membership is still on active duty with all of the Armed Forces of the United States. The publicity surrounding personnel downsizing is adversely affecting our service members' morale, and this is particularly true overseas. In fact, this association obtained about 2,000 petitions from our soldiers overseas which we gave to Mrs. Byron over on the House side in support of a separation pay bill for enlisted personnel.

Of course, NCOA supports sustaining the current force levels until full peace is really attained or realized. But we read the writing on the wall and there are too many, we believe, in Congress hell-bent to reduce the Armed Forces. So we are in support of a transition plan, but in reality, we have been fighting Congress for years to do something positive for our RIF'ed enlisted personnel.

We have had separation pay introduced, the proposals introduced, in Congress as long ago as 15 years past. However, DOD's promises to do something about separation pay kind of faded in the background or in the sunset, and we have had to revive the support for a bill. Here in the Senate, Senator Cohen has introduced S. 2352 which would provide separation pay for enlisted personnel.

We were also concerned with unemployment compensation for ex-service members. Our young people who served well and honorably in the military service, regardless of whether they fulfilled their contract, or they were separated under honorable conditions, were faced with the fact that unemployment compensation was not at the same level for them as it was for the civilian persons who may be RIF'ed. They had to wait 4 weeks, and they were only allowed to have 13 weeks of unemployment compensation benefits, whereas the civilian was entitled to 26 and in a depressed area could draw up to 39 weeks.

TRANSITION PLAN

So in the transition plan that my association helped put together and which Senator McCain introduced just a couple of days ago, S. 2663, we addressed most of those particular issues. And, if I may, just briefly go through those for the chairman.

First of all, the separation pay. It will provide separation pay for officers and enlisted who are involuntarily separated after 7 years of continuous and honorable service. And it also will remove the cap off of separation pay, which is now at $30,000, has been there since the Defense Officers Personnel Management Act was adopted back in 1980. The only problem we have with that is that, it is not fair for both enlisted and officers, and we hope that is changed.

The unemployment compensation will allow military personnel to have the same privilege of drawing unemployment compensation as a civilian who is no longer employed. It also provides relocation services. This will allow our members who are eligible for separation pay or limited leave time not to be charged to the individual, to visit the areas where they may wish to relocate. And the expense of the trip, of course, will be borne by the individual member, but they will be given the time by the service.

They will include outplacement services and this will provide job search, job referral services, and also to their spouses. The bill will give these military members priority placement for Federal jobs. Additionally, the bill calls on the President to establish a committee to seek private sector cooperation and job placement.

Then it also enhances the Montgomery GI bill and gives those young people, who are not enrolled in the GI bill, the opportunity to buy into the program upon separation. It also provides health care, limited up to 1 year from the time of release, if there is a preexisting condition. And last, but not least, would be to provide briefings to all of the people who are transitioning so that they know what is going on back in the area where they are going to relocate.

This will cover many other items that is necessary for them to know in transition. We support some transitioning plan and, hopefully, this committee will take a look at it, sir.

Thank you for your time.

Senator INOUYE. Sergeant Major, I think the McCain bill makes good sense. I will discuss this matter personally with Senator McCain.

Sergeant Major McKINNEY. Thank you, sir.

Senator INOUYE. Thank you.

Sergeant Major McKINNEY. Thank you, I appreciate it.

[The statement follows:]

separation pay for enlisted servicemembers (which will include noncommissioned and petty officers), equitable unemployment compensation benefits, an outplacement plan, and medical care for dependents with existing health problems.

THE TRANSITION

Many enlisted personnel suffer serious transition problems upon returning to civilian life after 5 or more years in the service of their country. Most never held a civilian job before entering the Armed Forces. Most will have little savings, if any, available for the transition. Some will be shocked to learn:

o there is no separation pay, no financial reward from a military retirement plan they were supposed to be a part of-

o they may impact heavily on the further erosion of a small-town economy.-

o there is no immediate job awaiting their separation-

o they've got to find housing, get utilities hooked-up, perhaps buy furnishings, enroll the children in school, purchase seasonal clothing, and do all manner of things without military assistance-

o there's no money for family medical care (they're no longer entitled to free military care); there's no commissary, no exchange store, no free or low-cost child-care or family center, or recreational facilities; and few if any immediate veterans' benefits if not disabled.

o that a "grateful" government forces them to wait 4-to-5 weeks before receiving unemployment compensation and, then, for only 13 weeks; whereas, their civilian friends draw their first unemployment compensation check one week after losing their jobs and, if necessary, claim benefits for a full 26 weeks.

SEPARATION PAY

Many well-qualified and experienced noncommissioned and petty officers looking forward to a full military career will be involuntarily separated from active duty and sent home (or elsewhere) to transition to a civilian environment. Some will have 7, 10, or more years of honorable active service. Some will have served in Beruit, Grenada, Persian Gulf and Panama. their only fault will be that they are caught up in a frenzy to downsize the military manpower structure.

Not being commissioned officers, enlisted personnel are not protected by law. It's a quick and easy fix to unload them in lieu of commissioned officers who are protected under the provisions of the Defense Officers Personnel Management Act (DOPMA). Commissioned officers are entitled to separation pay up to $30,000, (if separated from the military service prior to attaining retired pay eligibility) while enlisted servicemembers receive not one penny.

The American-way of doing business, among other things, is highlighted by the application of separation (severance) payments or other benefits. Not only do most U.S. businesses provide these payments for severed employees, but so does the federal government. In addition to commissioned and warrant officers of the uniformed services, every federal employee, every quasi-governmental employee (i.e.- postal workers), and every foreign hire working for the U.S. government, may be entitled to separation or severance pay under prescribed conditions.

For example: In 1979 private-sector loggers, put out of work by the U.S. government, were awarded an equivalent of $50,000 a year, some until they reached age 65.

In 1987 the U.S: paid an average of $200,000 per employee to

Japanese workers employed by a bank which lost a contract with the Department of Defense (DoD).

In 1989, Spanish workers received severance payments as high as $33,000, even though Spain ordered the U.S. to quit the air base where it employed these workers. And in Germany, four workers, terminated when the Army and Air Force Exchange Service (AAFES) took control of the Army's liquor stores, received settlements ranging from $29,000 to $58,000.

Only enlisted members of the active forces are not entitled to separation, severance, or readjustment payments- even if they have served 19 years, 11 months, and 29 days of honorable service. They are separated with only the pay and allowances due on the final day of active duty.

Absence of enlisted separation pay is a most serious matter. It should be rectified immediately with the adoption of S. 2352, sponsored by the Honorable William Cohen, U.S. Senator of Maine, or the new transition plan recently introduced by the Honorable John McCain, U.S. Senator from Arizona.

UNEMPLOYMENT COMPENSATION

As noted earlier servicemembers honorably separated or discharged from the active components of the U.S. Armed Forces must wait four (4) weeks from the date of separation or discharge to apply for and receive unemployment compensation payments. Additionally, these young men and women are entitled to only 13 weeks of payments, whereas a civilian can apply immediately upon becoming jobless and receive 26-weeks of payments.

NCOA recommends this subcommittee's active support for the repeal of 5 U.S.C. 8521(c), the unemployment compensation for ex-servicemembers (UCX) act and reject for FY 1991 any cap applied to funding which provides less than 26-weeks of benefits for these servicemembers.

GUARD AND RESERVE

It is extremely important that Guard and Reserve (G/R) Forces stay at the ready particularly in the periods during and after any probable downsizing of the active forces. Should the premise that G/R personnel cost the government one-third the amount it takes to recruit, train, equip, and retain active duty personnel hold true, then NCOA recommends that some of the savings from downsizing the active forces be appropriated for G/R personnel and units.

NCOA also recommends that qualified active duty personnel, involuntarily separated due to a downsizing, have first choice in volunteering for assignments to G/R units as members of the Active Guard and Reserve (AGR).

COMPENSATION

Military pay is now some 11.9 percent behind comparable pay in the private sector. That figure will rise to 12.8 percent if the Administration's cap of 3.5 percent for the January 1, 1991, pay raise is approved by Congress.

In addition to eight (8) pay caps in succession, to be followed by a ninth (9th) for FY 1991, there are other shortcomings. These are in housing allowances, both in basic allowances for quarters (BAQ) and variable housing allowances (VHA), that are currently costing military personnel out-of-pocket expenses in excess of those intended by federal statute. Living on the civilian economy is terribly expensive for most of our enlisted members, particularly in locales such as Staten Island, NY, Washington, DC, and San Francisco, CA.

NCOA is also concerned that Navy personnel married to other members of the naval service are not authorized housing allowances when assigned to sea duty. However, Navy personnel married to civilian spouses may receive housing allowances although assigned to identical duties.

Other concerns are: 1)- inadequate reimbursement of funds for PCS moves (expenses run as high as $3.00 for every $1.00 in reimbursement); 2)- basic pay scales for certain noncommissioned and petty officers are deliberately compressed; 3)- partial reenlistment bonuses are lost due to involuntarily-induced reenlistment programs; and 4)- a better method of compensating bachelor servicemembers is needed.

NCOA invites the subcommittee's attention to these important "people issues." Continued pay caps and out-of pocket losses may soon drive out what will be left of skilled and experienced servicemembers. New training costs for replacements could be as great if not greater than adding another percentage point to the proposed January 1991 pay hike. And, retaining bachelor servicemembers is an economic-plus for the armed forces.

MILITARY HEALTH CARE

Progress is being made in the area of military health care. Nevertheless, a reappearance of many of its short comings are sighted on the horizon. When the active military forces are reduced so will the numbers of uniformed services health professionals and facilities. Military Treatment Facilities (MTFs) will close or cut services, less money will be appropriated to modernize facilities, and more and more retirees and dependents will be forced to seek care elsewhere.

NCOA has endorsed the Catchment Area Management concept but is not optimistic that such a program can survive in other than areas where large MTF hospitals are operating.

Based on input from NCOA members and others in the West Coast/Hawaii military community, CHAMPUS Reform Initiative (CRI) and its concept of "resources sharing" is far more acceptable than straight-CHAMPUS and, in some views, better than MTF out-patient care. The only complaint we have received is on the administrative processing. This we believe should be easily remedied. As such, NCOA supports and urges Congress to expand the CRI program in areas where other health care programs are not available to military beneficiaries.

NCOA also endorses the authorization and funding of the following:

o Uniformed Service Treatment Facilities (USTF)-

o Use of Department of Veterans Affairs hospitals and treatment facilities to provide health care to military retirees-

o Medicare reimbursements to MTFs for treatment of military retirees and dependents over 65 years of age -

o Use of CHAMPUS by over-65 nonactive duty beneficiaries for care not available under Medicare, providing such care is not available in a military catchment area-

o 100 percent CHAMPUS payments for active duty dependents accompanying servicemembers on permanent changes of station outside military catchment areas in the United States-

o Maintain the cost of participating in CHAMPUS at current deductibles with no user fee for out-patient care at MTFs.

SURVIVOR BENEFIT PLAN

The current high-option program adopted in the FY 1990 Defense Authorization Act is too expensive for the ordinary retired servicemember. NCOA believes the provisions covering the offer should be repealed and substituted for a plan that is proposed by The Military Coalition. It's proposal offers a high-option plan that provides an over age 62 survivor annuity in increments of 5 percent up to and including 50 percent of the covered amount of retired pay at a cost approximately of nine (9) percent of the participating member's retired pay. NCOA also recommends that eligible servicemembers wishing to participate in SBP during any future open enrollment period should be assessed an entry premium, the amount to be designated by the Secretary of Defense.

MISCELLANEOUS

MWR. Reduction in appropriations for morale, welfare, and recreation facilities and activities have not been good to junior servicemembers. Such members depend on these facilities and activities to fill leisure time. Providing healthy on-base MWR programs for young servicemembers programs lessens the chance of their becoming involved in questionable activities located off military installations. NCOA encourages an increase in MWR funds and continued funding for the military's commissary stores.

Impact Aid. The original law governing federal support for impacted schools provided financial aid only for the education of military children. Add-ons of other classes of children in the years following have played a part in reducing the funds earmarked for schools whose enrollments are impacted by children of military personnel. Many of these schools are now experiencing severe financial problems and may have to close their doors or lower the standards of teaching. NCOA recommends that Congress provide additional funds to assist such schools, in particular those that are located on military installations such as Fort Sam Houston, Randolph AFB, and Lackland AFB, in San Antonio, Tx.

Travel and Transportation. No transportation is provided for the remains of spouses or surviving spouses to place of residence when such persons die while undergoing hospitalization in a Military Treatment Facility (MTF) or Uniformed Services Treatment Facilities (USTF). NCOA recommends that Congress adopt provisions for the transportation of the remains of spouses or surviving spouses to places of residence when their demise occurs while undergoing hospitalization at an MTF or USTF.

COLA. NCOA recommends that Congress reject the Administration's request to freeze cost-of-living adjustments to military retired pay in FY 1991 and cap COLAs at minus-1 percent of consumer price index (CPI) for 1992-1995. Such a request by the Administration is contrary to federal statutes guaranteeing full COLAs to all military retirees entering the armed forces before August 1, 1986.

Guard/Reserve Programs. Appropriate funds to support any programs authorized for uniformed G/R personnel for FY 1991.

Montgomery G.I. Bill. Increase the benefit level to $464.00 monthly for active duty participants, an amount equal to that paid under Chapter 107, Title 10, and a proportional amount for Guard/Reserve participants.

APPRECIATION

NCOA appreciates the attention and consideration given its views and recommendations herein. The funding of the issues addressed will be gratefully acknowledged by the men and women of the Armed Forces of the United States.

Senator Inouye. We have just been notified that a vote is in progress at this moment. So we will have a short recess subject to the call of the Chair. I should be back in about 12 minutes.

[A brief recess was taken.]

American Association of Government Employees (AFL–CIO)

STATEMENT OF PETER A. GROSSI, NATIONAL VICE PRESIDENT, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES (AFL-CIO)

Senator Inouye. Our next witness is the national vice president of the American Federation of Government Employees, Mr. Peter A. Grossi.

Mr. Grossi.

Mr. Grossi. Good morning, Mr. Chairman.

Let me begin by thanking you and the committee for allowing us the opportunity, and myself, to testify before you this morning on the fiscal year 1991 defense appropriations bill.

As you are aware, our union represents over 700,000 Federal employees, 35 percent of whom work for the Department of Defense.

DOD EMPLOYEES

There are many important issues affecting our DOD employees which the Appropriations Committee will consider. I will limit my statement today to the following issues which we deem to be of the greatest importance. They include: contracting out, personnel levels, DOD base closures, and issues relating to civilian technicians.

Prior to discussing these specific issues, I would call your attention to the AFGE position paper that is attached to this statement. This paper, "United States Defense Spending in the 1990's," was recently approved by the AFGE National Executive Council. The purpose of the paper is to provide a historical perspective of defense spending within the context of the current political and economic environment.

From this review, we have identified DOD issues that will significantly affect Federal employees in the 1990's. Based upon these issues, we have recommended specific actions to be taken in achieving a strong national security posture, a strong economy, and a viable DOD work force. We appreciate the opportunity to offer this document for the committee's consideration.

As you know, AFGE has been critical on the current contracting-out program as conducted under OMB Circular A–76. Our criticism has been based upon major flaws in this program, which include lack of cost reporting, lack of employee participation in the process, and the inordinate length of time required to complete the cost studies.

Our latest information concerning the burdensome, time-consuming study process, as reported by GAO, is that of 940 cost studies underway in DOD as of January 1989, 411 were started in 1983 or earlier.

We were especially heartened that this committee included report language accompanying the fiscal year 1990 DOD appropriations bill that expressed extreme dismay on this subject. You further required the Secretary of Defense to report to the committee on September 30, 1990, those studies that had been terminated for exceeding the time limits cited in your report. Unfortunately, the latest public information from OSD on this subject is that they are still looking at the problem.

We consider this lack of responsiveness to be unacceptable. It is particularly disconcerting to note that, while almost 50 percent of DOD's contracting-out studies are past the 7-year mark, they continue to announce large numbers of studies each and every year. It seems to us that the committee's report language gave DOD a perfect opportunity to clean up their backlog and start anew. Based upon the OSD lack of response to your fiscal year 1990 guidance, AFGE recommends that the committee deny use of fiscal year 1991 appropriations for A-76 cost studies until the Secretary submits the report of terminated studies and implements the additional administrative changes called for in the report language.

AFGE further fully recognizes that civilian work force levels should be consistent with the DOD mission and that, as the DOD budget is reduced, there will be commensurate changes in the work force level.

DOD HIRING FREEZE

As part of this effort, there is currently a hiring freeze in DOD. In our comments to DOD on the hiring freeze, we noted that the Department utilizes several types of civilian employees—Federal employees, consultants, and service contractors—and that all types of employees should be subject to reduction as budget levels are reduced.

We would also point out that, as reductions are affected, attention must be given to funding for such cost items as severance pay, retraining, job placement, and relocation of displaced Federal employees.

A separate issue that we want to point out is an unintended impact of the Military Spouse Preference Act. Under this legislation and the current DOD hiring restrictions, vacancies can be filed by eligible military spouses without regard to qualifications and to the exclusion of highly qualified and experienced individuals. This situation must be remedied.

DOD BASE CLOSURES

The subject of DOD base closures is receiving much attention. As we know, legislation has been enacted that will close 85 military installations. This action was taken before the sweeping political events of 1989 in Eastern Europe.

These changes in the Warsaw Pact/NATO equation require a complete reappraisal of our overseas and continental U.S. base structure.

Based on these significant factors, AFGE calls for a freeze on all military installation closure actions pending development of a three-step plan for force reductions and installation closures.

The first step in this three-step plan should be the initial reduction of overseas forces and closure of overseas installations. Subsequent to the overseas drawdowns, continental U.S. military installations should be fully utilized.

The third step in the process should be closure of continental U.S. military installations that are no longer required for national security. Concurrent with these actions, there should be a comprehensive economic conversion effort to reduce the economic impact of base closures on geographic regions, communities, and individuals who are affected by these decisions.

CIVILIAN TECHNICIANS

I would like to speak for a moment about the problems faced by civilian technicians in the National Guard and Reserve components.

Despite these years of budget restraint, military managers continue to request increased appropriations for the more costly, less effective acting duty Guard and Reserve members, the AGR work force. We urge this committee to continue the decreased funding of the AGR program and to increase funding for the more economically efficient civilian technician.

The Federal Labor Relations Authority has described the status of National Guard technicians as employees who are employed in full-time civilian positions to administer and train the National Guard and to maintain and repair the supplies issued to the National Guard. But, as civilian employees, they enjoy none of the job protections of their civilian counterparts elsewhere. They must maintain dual status as civilians and as soldiers in their units. They must pass through a retention process on their part-time military side that is often arbitrary in nature. They have no right to appeal this military decision, regardless of how egregious the action is. Some of the civilians who have been actively seeking improved labor-management relations through union activity have been rejected by the military as unfit reservists. This leaves the impression, if not the reality, that antiunion animus exists. These continuing difficulties in managing civilian employees have resulted in a number of situations that are demoralizing and counterproductive.

The history of the citizen/soldier in this country is a long and honored one. Indeed, our military operates on the premise that it must be kept under and subordinate to the civil authorities. Yet, in the case of the civilian technicians, the situation has, over the years, become one of creeping militarization of our civilian work force. We believe there is an inherent danger in this subtle military encroachment.

The situation involving the civilian technicians is one where the military is no longer existing for the purpose of protecting the rights of civilians; but, in fact, they are taking away the technicians' rights as civilians.

A prime example is the military forcing civilian technicians to wear their reservist uniforms during their civilian work hours. At the same time, these civilians wearing a military uniform are not allowed the privileges of a soldier. Generally, they do not use commissaries, PX's, or health facilities. They do not receive free dental coverage or subsidized housing.

We urge the committee to include language in this year's appropriations measure terminating the practice of requiring full-time civilian employees to wear their weekend uniforms while performing their civilian duties.

APPEAL RIGHTS

One additional problem that needs the committee's consideration is the need for appeal rights.

Currently, the National Guard's civilian technicians can only appeal adverse actions to the adjutants general on a State-by-State, political basis. Employees in any work force should be able to appeal adverse actions to an independent arbitrator without the fear of political bias.

That is why the Merit System Protection Board exists for other Federal employees.

Some say that the nature of the civilian technician work force would require a special understanding. If this, in fact, is the case, we would not oppose the establishment of a separate board of appeals, similar in structure to that used by the State Department employees, to hear civilian technician adverse action cases. At least, then, the civilians would have some hope for a neutral and impartial judgment on the merits of their cases.

I will summarize our request with respect to the civilian technicians to the committee as follows: to reduce the number of AGR positions; to eliminate the uniform requirement for civilian technicians; and to provide impartial appeal rights to civilian technicians who face adverse actions.

Mr. Chairman, we would ask that the committee encourage and support the growth of civilian technicians as they have proven to be the most efficient and economical component of our military readiness capability.

Finally, in 1985, Congress exempted civilian employees in the Department of Defense from the requirements of the Monroney amendment. The outcome is that many DOD prevailing rate employees are being paid a lower rate of pay than their counterparts in other Federal agencies in the same city.

DOD has consistently sought special rates of pay for its blue-collar workers in these locations. The need for special rates would be substantially curtained or not necessary if DOD were subject to the requirements of the Monroney amendment.

Mr. Chairman, I would like to thank you and the committee for your time in allowing me to provide this testimony for your consideration.

Senator INOUYE. I believe the consensus on this committee would be to favor such hiring, to give the military man a break. I would like to know why you don't support that.

I would appreciate it, sir.

Mr. GROSSI. Yes, sir; thank you, sir.

[The statement follows:]

STATEMENT OF PETER A. GROSSI

Mr. Chairman, my name is Peter A. Grossi. I am the National Vice President of the First District of the American Federation of Government Employees (AFGE), AFL-CIO. Our union represents over 700,000 government workers nationwide, 35% of whom work in the Department of Defense. I thank you for the opportunity to testify on the FY 1991 Defense Appropriations Bill.

There are many important issues affecting our DOD employees which the Appropriations Committee will consider. I will limit my statement today to the following issues which we deem to be of greatest importance: contracting out; personnel levels; DOD base closures; and issues relating to civilian technicians. Prior to discussing these specific issues, I would call your attention to the AFGE position paper that is attached to this statement. This paper, "United States Defense Spending in the 1990s," was recently approved by the AFGE National Executive Council. The purpose of the paper is to provide an historical perspective of defense spending within the context of the current political and economic environment. From this review, we have identified DOD issues that will significantly affect Federal employees in the 1990s. Based upon these issues, we have recommended specific actions to be taken in achieving a strong national security posture, a strong economy, and a viable DOD workforce. We appreciate the opportunity to offer this document for the Committee's consideration.

Contracting Out

As you know, AFGE has been critical of the current contracting out program as conducted under OMB Circular A-76. Our criticism has been based upon major flaws in this program, which include lack of cost reporting, lack of employee participation in the process, and the inordinate length of time required to complete the cost studies. Our latest information concerning the burdensome, time-consuming study process, as reported by GAO, is that of 940 cost studies underway in DOD as of January 1989, four hundred eleven were started in 1983 or earlier. We were especially heartened that this Committee included report language accompanying the FY 1990 DOD Appropriations Bill that expressed extreme dismay on this subject. You further required the Secretary of Defense to report to the Committee on September 30, 1990, those studies that had been terminated for exceeding the time limits cited in your report. Unfortunately, the latest public information from OSD on this subject is that they are "still looking at the problem." We consider this lack of responsiveness to be unacceptable. It is particularly disconcerting to note that while almost 50% of DOD's contracting out studies are past the seven year mark, they continue to announce large numbers of studies every year. It seems to us that the Committee's report language gave DOD a perfect opportunity to clean up their backlog and start anew. Based upon the OSD lack of response to your FY 1990 guidance, AFGE recommends that the Committee deny use of FY 1991 appropriations for A-76 cost studies until the Secretary submits the report of terminated studies and implements the additional administrative changes called for in the report language.

Personnel Levels

AFGE fully recognizes that civilian workforce levels should be consistent with the DOD mission and that as the DOD budget is reduced there will be commensurate changes in the workforce level. As part of this effort, there is currently a hiring freeze in DOD. In our comments to DOD on the hiring freeze, we noted that the department utilizes several types of civilian employees -- federal employees, consultants, and service contractors -- and that all types of employees should be subject to reduction as budget levels are reduced. We would also point out that as reductions are effected, attention must be given to funding for such costs items as severance pay, retraining, job placement, and relocation of displaced federal employees. A separate issue that we want to point out is an unintended impact of the Military Spouse Preference Act. Under this legislation and the current DOD hiring restrictions, vacancies can be filled by eligible military spouses without regard to qualifications and to the exclusion of highly qualified and experienced individuals. This situation must be remedied.

Base Closures

The subject of DOD base closures is receiving much attention. As we know, legislation has been enacted that will close 35 military installations. This action was taken before the sweeping political events of late 1989 in Eastern Europe. These changes in the Warsaw Pact-NATO equation require a complete reappraisal of our overseas and continental U.S. base structure. Based on these significant factors, AFGE calls for a "freeze" on all military installation closure actions pending development of a three-step plan for force reductions and installation closures. The first step in this three-step plan should be the initial reduction of overseas forces and closure of overseas installations. Subsequent to the overseas drawdowns, continental U.S. military installations should be fully utilized. The third step in the process should be closure of continental U.S. military installations that are no longer required for national security. Concurrent with these actions, there should be a comprehensive economic conversion effort to reduce the economic impact of base closures on geographic regions, communities, and individuals who are affected by these decisions.

Civilian Technicians

I would like to speak for a moment about the problems faced by civilian technicians in the National Guard and Reserve Components. Despite these years of budget restraint, military managers continue to request increased appropriations for the more costly, less efficient active duty guard and reserve members (AGRs). We urge this Committee to continue the decreased funding for the AGR program and to increase funding for the more economically efficient civilian technician.

The Federal Labor Relations Authority has described the status of National Guard Technicians as employees who are employed in full-time civilian positions to administer and train the National Guards and to maintain and repair the supplies issued to the National Guard. But, as civilian employees, they enjoy none of the job protections of their civilian counterparts elsewhere. They must maintain dual status as civilians and as soldiers in their units. They must pass through a retention process on their part-time military side that is too often arbitrary in nature. They have no right to appeal this "military" decision regardless of how egregious the action is. Some of the civilians who have been actively seeking improved labor management relations through union activity have been rejected by the military as unfit Reservists. This leaves the impression, if not the reality, of anti-union animus. These continuing difficulties in managing civilian employees have resulted in a number of situations that are demoralizing and counterproductive.

The history of the citizen/soldier in this country is a long and honored one. Indeed, our military operates on the premise that it must be kept under, and be subordinate to, the civil authorities. Yet, in the case of the civilian technicians, the situation has, over the years, become one of creeping militarization of our civilian workforce. We believe there is an inherent danger in this subtle military encroachment. The situation involving the civilian technicians is one where the military is no longer existing for the purpose of protecting the rights of civilians; but, in fact, they are taking away the technicians' rights as civilians.

A prime example is the military forcing civilian technicians to wear their reservist uniforms during their civilian work hours. At the same time, these civilians wearing a military uniform are not allowed the privileges of a soldier. Generally, they do not use commissaries, PX's or health facilities. They do not receive free dental coverage or subsidized housing. We urge the Committee to include language in this year's appropriation measure terminating the practice of requiring full-time civilian employees to wear their weekend uniforms while performing civilian duties.

One additional problem that needs the Committee's consideration is the need for appeal rights. Currently, the National Guard's civilian technicians can only appeal adverse actions to the Adjutant Generals (AG) -- a state-by-state political appointee. Employees in any workforce should be able to appeal adverse actions to an independent arbitrator without fear of political bias. That is why the Merit Systems Protection Board exists for other federal employees. Some say that the nature of the civilian technicians' work would require "special understanding." If this is the case, we would not oppose the establishment of a separate board of appeals, similar in structure to that used by the State Department employees, to hear civilian technician adverse action cases. At least, the civilians would have some hope for a neutral and impartial judgment on the merits of their cases.

I will summarize our request with respect to civilian technicians to the Committee as follows:

1. Reduce the number of AGR positions;

2. Eliminate the uniform requirement for civilian technicians;

3. Provide impartial appeal rights to civilian technicians who face adverse actions.

Mr. Chairman, we would ask the Committee to encourage and support the growth of civilian technicians as they have proven to be the most efficient and economical component of our military readiness capability.

Finally, in 1985 Congress exempted civilian employees in the Department of Defense from the requirements of the Monroney Amendment. The outcome is that many DOD prevailing rate employees are being paid a lower rate of pay than their counterparts in other federal agencies in the same city. DOD has consistently sought special rates of pay for its blue collar workers in these locations. The need for special rates would be substantially curtailed or not necessary if DOD were subject to the requirements of the Monroney Amendment.

Thank you very much for your time and consideration.

Senator INOUYE. Thank you very much, Mr. Grossi.

Would you provide this committee with a special paper on reasons why you oppose spouses of active military from being hired?

Mr. GROSSI. Yes, Mr. Chairman; we would be pleased to do so.

[The information follows:]

UNITED STATES DEFENSE SPENDING IN THE 1990s

THE AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES

I. INTRODUCTION

The members of the American Federation of Government Employees share with all Americans a deeply held concern about the national security of our country. When faced with difficult issues related to the government service needs of our people, annual budget deficits, the overall economy, and the dynamic changes occurring in the world political structure, AFGE has a strong obligation to participate in the critical debate concerning national defense spending levels. In this vital area of defense spending, it is necessary to discuss such key issues as the recent political changes in Eastern Europe, the easing of tensions with the Warsaw Pact, nuclear and conventional force reduction treaties, overseas U.S. force levels, military and civilian personnel levels, training, mobilization capability, National Guard and Reserve missions, and basing posture. Each of these essential categories, and its priority within the defense budget, have a substantial effect upon the overall level of defense spending.

During the 1980s, there was a dramatic increase in the Department of Defense budget. Using 1990 dollars, defense spending increased from just over $200 billion in 1982 to about $300 billion in 1987. This dramatic rise in outlays was driven by substantial acquisition of new weapon systems, heightened research and development, and significant military construction programs. Accompanying the emphasis on weapon systems procurement was an attendant expansion in the size of the military services as well as training, operations, and maintenance. This increased spending level was generally supported by the American public and the U.S. Congress for the first half of the decade. As a result, the trend in defense spending reached a new height when in 1987 the Reagan

Administration requested $320.2 billion in new budget authority for the Department of Defense. However, the U.S. Congress did not support the 1987 Presidential Budget request and essentially leveled outlays for Defense at the $300 billion mark. These defense spending appropriations have been maintained in the $290-300 billion range until 1990.

The significance of defense spending on the national economy in the 1980s is demonstrated by the President's budget for 1987. This request for $320 billion in new budget authority was $34.2 billion, or 11%, more than the 1986 requested level of $286 billion. For the period 1987-1992, President Reagan wanted to spend $1.8 trillion on defense. This proposed defense spending would have continued the most rapid increase of military spending in the peacetime history of the United States. The amount requested for 1987 ($320 billion) was more than two and one-quarter times the $144 billion appropriated in 1980. These unprecedented increases were not structured upon clearly defined national security objectives, but were more often than not based on "slogans" such as "the 600-ship Navy" or "a flexible response to regional conflict." In addition, annual defense budgets were defended by a series of number games -- a new number every year -- such as percent of estimated GNP, percent increase after estimated inflation, and real dollars after deflation. It was no wonder that the American public and the U.S. Congress, faced with this unprecedented defense spending, began to ask, "How much is enough?" But, there appeared to be only one answer, "More than last year."

Accompanying the upswing of defense spending in the 1980s was an overwhelming increase in United States budget deficits and substantially decreased services in other federal government agencies. From the period 1981 to 1987, the annual budget deficit rose from about $45 billion to $250 billion. The burden of interest payment on this unprecedented budget deficit was a major factor in the Congressional action to contain the rising cost of defense spending in the years 1987-1990. These continually increasing budget deficits also had an erosive effect upon the American economy by supporting high interest rates and lower rates of personal savings. Thus, the United States exited the 1980s propelled by a complex set of converging and powerful vectors that included high levels of defense spending, unacceptable annual budget deficit levels, and a demanding need to address growing national economic and social priorities. These dynamic elements have now been met by the new force of world events that will be the major factor in framing defense spending in the 1990s.

II. THE 1990S, A DIVIDEND FOR DEMOCRACY

The dramatic events that occurred in Eastern Europe in 1989 were spawned by glasnost, peristroika, and the nuclear disarmament treaty between the United States and Russia. Bolstered by Soviet President Gorbachev's new openness to change and the weakening of the Soviet economy, the people of East Germany, Hungary, Poland, Czechoslovakia, Bulgaria, and Romania took to the streets and brought about sweeping political changes that were previously unpredicted. Within the last six months of 1989, Communist-dominated regimes in all of the Eastern European satellites have been overthrown in relatively non-violent revolutions. Most significant, these dramatic changes were made without interference from Russian military occupational forces. As a result of these unforecast events, the diplomatic and military situations in Europe have been fundamentally altered. In addition, the equation for United States defense spending in the 1990s must be rewritten to accommodate the changes brought about by the economic weakness of the Soviet Union, breakthroughs in arms control, and the emerging freedom of the Eastern European countries. The United States must now cast the defense budgets for the 1990s by assessing the reality that the 1989 revolutions in Eastern Europe have bypassed the realm of arms control negotiations. We need to understand that these recent changes are the dominant thread in every aspect of political, economic, and military spectrums. Our national security planning in the 1990s must recognize that the Warsaw Pact is now an empty shell. We need to understand that Soviet military planners can no longer rely on utilizing the one million soldiers, 18,000 tanks, and 2,000 airplanes from the armies of Poland, Czechoslovakia, Hungary, East Germany, Bulgaria, and Romania. We must also realize that each of these new governments will inevitably call for and negotiate the withdrawal of Soviet troops from their territory.

Based upon these realities, the United States must now develop a national security planning strategy upon which to base defense spending for the 1990s. Without extensive development of a national security strategy, the crucial links of planning, programming, and budgeting will continue the discordant process that pervaded the defense buildup in the 1980s. A key element in our national security strategy is an understanding that economic weaknesses have been a dominating factor in bringing about the political changes in the Soviet Union and Eastern Europe. We need to include in our security assessment the fact that economic necessities are dictating political and military policy. A dominating theme in our emerging national security strategy should be that, compared to the era since 1950, economic and diplomatic initiatives will prevail over military solutions in many areas of international conflict in the 1990s.

III. WHERE DO WE GO FROM HERE?

The members of the American Federation of Government Employees see the recent changes in Soviet-American relations and the surge for free governments in Eastern Europe as an unprecedented opportunity for our great country. Because of the significant military buildup of the 1980s, U.S. defense spending stands at the

$290 billion level. Even if one disagreed with the pace and details of this rapid increase, it would be equally imprudent to call for an immediate dismantling of our military forces in the early 1990s. In fact, the very arguments that were presented against substantially increased defense spending in 1980s are very useful in debating a defense drawdown in the 1990s. The development of a set of guidelines based upon these arguments is a necessary process.

First, efforts should be directed toward development of a comprehensive national security strategy. This strategy will need to assess in detail the changing forces of the world economy, the "new" Europe, disarmament treaties, and the myriad of other elements that affect the security of our nation. It is realized that this effort takes time and that it is ever changing. Concurrently, the value of this endeavor demands that it be undertaken as a systematic part of our budget process. We must discontinue the past practice of basing our defense budget on ever-changing numbers and easy slogans. Instead, defense budgets for the 1990s must be based on clearly stated national security objectives and an accompanying analytically-based national security scenario that can be shared with the American public to justify specific military budget requests. This national security planning process should include biennial updates that reassess changing economic, political, and military factors.

A second important step in our military budgets for the 1990s is the necessity to reduce spending through an incremental, phased process. As a nation, we need to realize that during the 1980s we built a formidable and highly effective military capability. We also need to realize that dismantling these forces overnight would neither be wise nor prudent. Alternatively, to maintain the same level of forces in view of a decreasing threat would be equally unwise. Utilizing a revised and emerging national security strategy, a better course of action is to utilize the 1990 defense budget ($290 billion) as a starting point for an orderly "rampdown" of military spending. In order to implement such a "rampdown" many formulas may be proposed, such as a decrease of approximately one and one-half percent annually, plus the forecast rate of inflation. Utilizing a stepdown of this type would provide time to: (1) plan and program phasing for orderly military force changes; (2) incrementally assess any future national security changes; (3) allow the national, regional, and local economies to adjust to these changes; and (4) offer an opportunity for the American public and the U.S. Congress to determine our changing domestic social priorities. Implementation of a phased reduction based on these planning factors (one and one-half percent plus inflation) would result in approximate defense spending levels of:

1991 - $290 billion;
1992 - $273 billion;
1993 - $257 billion;
1994 - $241 billion;
and 1995 - $227 billion.

Following a fiscal plan along these guidelines results in a $63 billion reduction over the four-year period or an average annual reduction of $12.6 billion. In percentages, the reduction is about 22% overall from the $290 billion baseline, which would be 5.4% annually for the four-year period. Compared with the military spending increase during the 1980s from $205 billion in 1982 to $295 billion in 1986, phase-down of this type is much less dramatic. A "rampdown" approach would also provide valuable time to decide whether available resources should be allocated to reduction of annual budget deficits, reallocated to national social needs, or applied to a combination of deficit reduction and domestic priorities. These military spending reductions would also occur over a period of time when the American public could affirm or reject the trend by expressing themselves during a series of Congressional elections and the Presidential election of 1992.

IV. HOW DO WE GET WHERE WE'RE GOING?

Whether in planning an increase or decrease in defense spending, the processes are complex and difficult. At the same time, development of selected guidelines are very useful tools in the planning process. The members of the American Federation of Government Employees are convinced that the following guidelines should be evaluated in the debate concerning how to reduce military spending in the 1990s.

In the evaluation of the changing European political situation, detailed assessment should be given to the decreased threat from the Warsaw Pact. The 1989 revolutions in Eastern Europe have reduced Warsaw Pact armies by one million soldiers. In addition, Soviet military planners will now have to calculate the probability of active resistance to Soviet forces attempting to attack NATO across Eastern Europe. During the period 1990-1995, there is a strong likelihood that Soviet occupational forces will be withdrawn from all of the Eastern Europe countries. These significant factors must be included in our military budget planning because, by some estimates, 60% of the annual defense budget is dedicated to maintenance of military forces to defend Europe. This spending includes maintaining about 325,000 military personnel in Europe (with about 300,000 dependents) as well as logistics requirements and augmentation forces in case of an all-out invasion. An additional factor that relates to the size of our military force in Europe is the warning time available before an invasion. During the 1980s, the NATO policy on warning time has been 48 hours. This short warning time required a high state of military readiness, increased on-site munitions, high inventory of replacement parts and equipment, and rapid-deployment forces dedicated to NATO. All of these planning assumptions generated increased costs. Current NATO diplomats now report that there is little likelihood of a surprise Soviet attack on the West. In fact, many sources now indicate that the NATO policy of planning should be changed from 48 hours to between 40 to 50 days. Based upon the decreased Warsaw Pact forces and the increase of NATO warning time, the required level of U.S. forces in Europe should be fully evaluated.

The assessment of military force levels and base posture in Europe should be the first step in a three step plan for overall installation closures. Subsequent to reductions in Europe and other overseas areas, military installations in the continental United States should be fully utilized to accept any troops relocated from overseas. At this point, an additional issue to assess is the need for U.S. bases to train and deploy forces to overseas areas. The third step in this process should only happen after overseas bases have been closed and the attendant troops relocated or demobilized. Pursuant to the overseas phase-down, any continental U.S. bases that no longer meet a national security requirement should be closed.

Hand-in-hand with any plan to close U.S. bases, we need to develop a comprehensive economic conversion effort to reduce the impact of base closures on geographic regions, local communities, and the many individual citizens who are affected by such an action. When a large military installation is closed, the economic impact reaches far beyond the military and civilian employees who are displaced. In the communities surrounding an installation, a base closure causes substantial readjustment by banks, medical care providers, the real estate industry, home builders, merchants of all types, city and county governments, schools, and every activity that supports the current population. The directly affected civilian employees are faced with severe changes due to loss of job and possible geographic relocation. Assuming that some military installations will be closed in the 1990s, programs to assist communities should be incorporated into the installation closure process. For individual federal employees, programs for job placement, retraining, education, and relocation should be incorporated into the overall base closure process.

Related to the utilization of continental U.S. bases, we need to assess the need to stockpile any necessary, usable equipment, ammunitions, and materials for a rapid expansion of military forces. The National Guard and Reserve have long provided a vital part of our national defense. During the 1990s, we need to continue expansion of Guard and Reserve missions in order to achieve the economies available from the citizen-soldier concept. In the process of active military reductions and Guard/Reserve expansion, a thorough and objective study of the Active Guard Reserve (AGR) program and its affect upon the mobilization capability of the Reserve components should be conducted. There are significant signs that the AGR program is causing an erosive, negative affect upon the technician program that has served so well since its inception.

In the process of military budget reductions and changes in the overseas force posture, a number of key support areas must be maintained in balance with the combat forces. Among these important areas are: (1) spare parts and ammunition for rapid mobilization and deployment; (2) improved command and control communications, and (3) maintaining the infrastructure of research, development, and logistics support for the military forces. In an era of greater dependence upon rapidly deployable conventional forces such as the 1990s, each of these key support areas must be funded at a balanced level with the combat arms.

Department of Defense spending on service contracts, or contracting out, is another area of concern. Recent GAO reports and military service investigative reports have pointed to serious deficiencies in the contracting out program, both in terms of lack of cost controls and lack of satisfactory performance. In addition, there is no systematic, annual budget reporting on contracting out costs in DoD. Despite these reports of severe problems, the Office of Management and Budget has increased the pressure on DoD to do more contracting out. This is especially the case in the Army, where proposals are active to contract ammunition depots and industrial operations that are in direct support of combat equipment and mobility. The people of AFGE have long called for a halt to A-76 activities and for a comprehensive study of not only the cost of contracting out, but also the reliance of private contractors to perform essential mobilization and mobility functions.

In the process of reviewing defense spending and procedures, attention should be given to both areas of potential reductions and areas in which appropriated monies may be recovered. One of these latter areas is government property furnished to DoD contractors. General Accounting Office and Department of Defense officials have publicly testified that property in the hands of DoD contractors had an acquisition cost of $22 billion. Of this amount, about $14 billion is government-furnished material and about $8 billion is government-furnished equipment. It is believed that even these figures may be understated because contractor records do not adequately account for this property and the Department of Defense does not have the financial or management systems to verify contractor records.

The House of Representatives Committee on Government Operations has twice reviewed this problem and has identified the situation as a "golden opportunity for waste, fraud, and mismanagement, an opportunity that has not gone begging." The Committee found that contractors had been issued far more property than they needed, that excess property was sometimes used on commercial contracts, and even sold back to the Department of Defense. DoD officials have been aware of and working on this problem since 1981, but the proposed solutions do not go to the heart of the dollar waste. The basic question is, "Why do we continue giving billions of dollars in property to contractors at all?", particularly when they abuse the use of that equipment and do not account for its location. This is an area in which billions could be saved by (1) not furnishing the property except by lease or sale; and (2) recovering the current property for either excess sale or lease/sale to contractors. During a period of defense budget reduction, this is a situation that should be investigated with the intent to stop a wasteful practice, recover available equipment or revenue from sale, and apply these dollars to high priority budget requirements. AFGE calls for action in this area immediately.

V. SUMMARY

In order to retain a strong national security posture and maintain a strong national economy, the members of the American Federation of Government Employees call for the following actions during the 1990s:

- Development of an analytically based national security strategy, recognizing that world economic necessities, in particular economic necessities in both the United States and the Soviet Union, have attained dominance over military policy.
- Reduction of United States military spending from the current level ($290 billion annually) at a phased rate. As an example, reductions of approximately one to one and one-half percent annually plus the expected rate of inflation result in approximate spending level goals of: 1991 - $290 billion; 1992 - $273 billion; 1993 - $257 billion; 1994 - $241 billion; and 1995 - $227 billion. All military installation closure actions should be cancelled pending development of a three-step plan for force reductions and installation closures. The first step in this plan should be the initial reduction of

overseas forces and closure of overseas installations. Subsequent to the overseas drawdowns, United States military installations should be fully utilized. The third step in this process should be closure of continental U.S. military installations that are no longer required for national security.

Develop a comprehensive economic conversion effort to reduce the economic impact of base closures on geographic regions, communities, and individuals who are affected by these decisions. Consideration should be given to appointment of a joint Congressional-Executive Bipartisan Committee for Economic Adjustment. This Commission would be empowered to make specific recommmendations concerning coordination, timing, program phasing, and other steps that would reduce the economic and social impact of military installation closures and reduced defense spending on geographic regions, commmunities, industries, and individual citizens.

Legislation should be enacted that provides adequate funds for job retraining and placement for federal employees who lose their jobs as a result of military installation closures. In addition, the job placement capability of organizations such as the Human Resources Developement Institute(AFL/CIO) should be utilized in the effort to asssist displaced employees.

Emphasize spare parts and ammunition acquisitions for rapid mobilization and deployment of conventional forces.

Improve command and control communications.

Reform the procurement system by increasing training and grade levels of procurement specialists.

Enhance the roles and missions of the Guard and Reserve.

- Conduct a comprehensive study of the Active Guard Reserve (AGR) program and eliminate all AGR non-mobilization positions immediately.
- Conduct an objective study of the cost of contracting out and DoD's reliance on private contractors for mobilization.
- Stop providing billions in government property to DoD contractors and take action to recover current government property by revenue generating lease/sale.
- Maintain the infrastructure of research and development and logistics support for military forces.
- Stockpile the necessary, useable equipment and materials for a rapid expansion of military forces.

NATIONAL FEDERATION OF FEDERAL EMPLOYEES

STATEMENT OF CLAIRE RENNER, LEGISLATIVE LIAISON, NATIONAL FEDERATION OF FEDERAL EMPLOYEES

Senator INOUYE. Our next witness is the legislative liaison person for the National Federation of Federal Employees, Ms. Claire Renner.

Ms. Renner, welcome.

Ms. RENNER. Thank you.

Mr. Chairman, the National Federation of Federal Employees appreciates the opportunity to present our views on fiscal year 1991 appropriations for the Department of Defense.

Approximately one-half of our membership is employed by DOD and we especially are interested in the content of today's hearings.

I do not have to tell this subcommittee that the world is a very different place today than it was only a year ago. The changes that have swept across Eastern Europe and the Soviet Union mandate a reexamination of our defense policies and priorities. NFFE is very concerned that the Department of Defense will seek savings primarily through cuts in the operations and maintenance, rather than in cuts in costly procurement practices. Secretary Cheney has already indicated that he intends to close numerous military bases as a way to achieve cost savings. However, many studies indicate such savings provide very little in the way of deficit reduction.

A greater level of savings can be achieved through cuts in weapons systems or research and development, programs which cost billions of dollars and often produce nothing. Significant savings can be produced if such programs are scaled back.

PROCUREMENT BUDGET

NFFE strongly recommends that DOD and this subcommittee also examine the procurement budget in order to reap the real benefits of any peace dividend and to truly reduce unnecessary defense spending.

NFFE believes that the Defense Secretary's Commission which originally targeted bases for closure is replete with erroneous and out-of-date information. In November 1989, the General Accounting Office released a report entitled, "An Analysis of the Commission's Realignment and Closure Recommendations." Many of these findings in the GAO report indicate that the Commission used erroneous figures and that errors were made in the implementation of policy.

Three of the air bases represented by NFFE have experienced first-hand the inefficiencies that can result when decisions are based upon questionable data. In these three cases, the amount and extent of questionable data upon which recommendations were made is staggering.

I would like to provide you with one example today and would refer you to our written testimony for a more detailed analysis of other situations.

F-4G

George Air Force Base in Riverside, CA, has 361 flying days per year and is the only home of the F-4G, also known as the Wild Weasel. The Commission proposed to move the F-4G to Mountain Home Air Force Base, which has only 220 flying days per year. We believe it does not make sense to base a one-of-a-kind fighter wing at a location that is unsuitable for flying 40 percent of the time.

In light of our concerns and those expressed by others, we believe it is inappropriate for Congress to consider the Commission's findings as an accurate and valid determination of which military installations should be closed. We believe that now is the time to devise sound policies which focus both on our short- and long-range defense needs.

Our defense priorities need to be carefully established and balanced with the educational, medical, and economic needs of American citizens. Our infrastructure, medical problems, and social policies have been severely depleted by the growth in the defense budget over the past decade. We need to put an end to unharnessed defense spending. Once we have created a coordinated defense program based on realistic needs, we can achieve the true savings that we all endorse. Only in so doing can we help reduce the deficit.

NFFE, therefore, requests that the subcommittee not appropriate any funds to implement the Commission's findings or those findings determined recently by Secretary Cheney until a full review can be completed.

CONTRACTING OUT

On the subject of contracting out, NFFE has long been concerned about the serious problems with the management and control of

Federal procurement policies and with the repercussions of such problems on the Federal work force.

Despite the existence of the Office of Management and Budget Circular A-76, which establishes guidelines for the contracting out of commercial activities, the procedures involved in contracting these functions to the private sector are constantly abused and ignored. The results are cost overruns, shoddy workmanship, sole-source contracts, and a waste of taxpayer dollars.

The previous revisions applied to the circular have done little to improve cost efficiency, which is the primary goal and the primary concern of the American taxpayer.

Until 1983, Government policy stipulated that contracts should be awarded only when cost studies demonstrated that it would be less expensive to perform the work privately than in-house.

In 1983, the administration changed the cutoff point below which cost comparison studies are not required. The revised circular states that Federal activities with 10 or fewer full-time equivalents may be contracted out without a cost comparison study.

These activities can be and have been contracted out by agency heads without having to determine whether the work can be performed more efficiently by Government personnel. This cutoff point was again raised in 1986, from 10 to 40 full-time equivalents, and again in 1987, from 40 to 45 FTE's.

Without a cost comparison analysis for these activities, the American taxpayer can never be certain whether or not a private contractor's performance is less expensive than the Federal work force.

In response to these actions, the Defense Appropriations Committee modified the cutoff point in fiscal years 1987, 1988, 1989, and 1990 by requiring agencies to complete a most efficient organization analysis and certification before a DOD activity employing more than 10 civilians could be contracted.

NFFE urges the subcommittee to include that requirement again in this year's appropriations bill.

CODIFICATION OF LANGUAGE

Furthermore, in the conference report accompanying appropriations for fiscal year 1990, the Appropriations Committees mandated a time limit for both single-function and multifunction cost studies. Unfortunately, Congress' mandate was written to report language; it was not codified.

As a result, DOD has stated that it will ignore the intent of the conference report.

NFFE urges the codification of the language contained in H. Rept. 101-345, on pages 27 and 28.

Finally, NFFE supports legislation requiring the Government to return any savings achieved through contracting out to the Federal Treasury. If the Department of Defense is convinced that contracting out Government services is a taxpayers' dream, then they should be willing to use the savings to reduce the Nation's deficit. Alternatively, if no savings are accumulated, or if contracting out is actually shown to cost more money than the Government has been spending, perhaps a serious reevaluation of the program will be conducted.

NFFE urges the Appropriations Committee to adopt a similar provision in this year's Defense Department appropriations bill.

The Department of Defense, as well as other departments, should be required to convert civilian jobs to the private sector only for the right reasons—cost efficiency and quality performance.

Thousands of Federal activities and billions of tax dollars are wide open to potential abuse, especially within DOD. NFFE strongly urges the subcommittee to prevent this by including legislative restrictions on contracting out in this year's DOD appropriations bill.

CIVILIAN TECHNICIAN PROGRAM

The civilian technician program is also of great concern to NFFE. During the past several years, we have appeared before this subcommittee to discuss the civilian tech program. For many years, civilian technicians have helped maintain the National Guard and Reserves as an effective fighting force. These technicians are called upon to provide full-time, administrative, supply, maintenance, and training support, that has enabled each Reserve and National Guard component to become a key link in our national defense structure.

The Department of Defense has recognized that civilian technicians are the group best able to accomplish the task of performing this crucial mission. Today, technicians are stationed in every State and territory at thousands of bases and armories, constantly insuring that our forces are ready to meet any crisis.

MILITARY EDUCATION PROGRAM

Today, I would like to focus on one particular issue concerning civilian technicians, the Military Education Program.

The Fiscal Year 1989 DOD Authorization Act included language which phased out the MEP for Army National Guard civilian technicians in response to a GAO study which demonstrated that the MEP was unnecessarily costly, wasteful, and damaging. The National Guard Bureau then established the Professional Development Program, which we believe is nothing more than a reincarnated MEP. In fact, additional requirements of the PDP often result in the unnecessary duplication of training for technicians.

At NFFE's request, the 1990 DOD Authorization Act included language giving credit for previous courses taken under this program, eliminating most of that duplication.

The National Guard Bureau is currently in the process of implementing this provision into law and we thank you for your assistance in this area. However, NFFE believes that the NGB is, once again, bypassing the language in the act concerning the battle skills course. The act states, and I quote:

> A civilian technician of the Army National Guard may not be denied a military promotion because of the failure of the technician to attend the battle skills course if the technician has requested in writing to attend such a course and has not been selected to attend a course that would permit completion of the course within 1 year after such request.

In a letter dated May 8, 1990, to NFFE, General Conaway, the new Chief of the NGB, stated:

> A technician who has applied for the next required course and has been accepted into that course may not be promoted until after completing that course.

NFFE is convinced that this requirement is in direct conflict with the intent of the 1990 DOD Authorization Act language, stated above. The wording in General Conaway's letter is mysterious, because someone may be accepted into a course scheduled to take place 2 or 3 years into the future.

If this situation occurs, which we believe is likely because there are only 1,200 class slots each year and there are 35,000 civilian technicians, someone will be denied a promotion, even though they have eagerly tried to take part in the required course, as required by the law.

We urge the subcommittee to respond directly to General Conaway, conveying the true intent of the law, that a civilian technician may not be denied military promotion as long as that technician has applied in writing for the required course.

NFFE recognizes that global political and economic events necessitate changes in the DOD budget. However, the goals of military preparedness and cost efficiency can only be reached through enlightened decisionmaking. The decisions to close and/or realign military installations should be made according to accurate and up-to-date statistics and with the interests of national security and the taxpayer in mind.

The serious deficiencies of the A-76 program should be ended immediately. An accurate and complete accounting system should be implemented to assess the true costs and savings of contracting out.

It makes no sense to continue squandering the scarce financial resources of the American taxpayer if it cannot be proven that cost savings have indeed been returned to the Treasury.

Finally, the ability of civilian technicians to contribute to the national security through increased training and education should not be compromised by political hijinks. Technicians should not be denied promotions by preventing their enrollment in continuing education courses. NFFE is confident that the sound resolution of these problems will result in a well prepared military and a cost saving to the American public.

Again, Mr. Chairman, we thank you for the opportunity to appear before you today.

This concludes my statement.

[The statement follows:]

STATEMENT OF THE NATIONAL FEDERATION OF FEDERAL EMPLOYEES

Mr. Chairman and Members of this Distinguished Subcommittee:

The National Federation of Federal Employees appreciates the opportunity to present our views on Fiscal Year 1991 appropriations for the Department of Defense (DOD). Since approximately half of our membership is employed by DOD, we are especially interested in the subject of today's hearing.

I do not have to tell this Subcommittee that the world is very different place today than it was only a year ago. The changes that have swept across the Soviet Union and Eastern Europe mandate that we reexamine our defense policies. NFFE is very concerned that the Department of Defense will seek savings primarily through cuts in the Operations and Maintenance (O&M) side of the budget rather than cutting procurement dollars. Secretary Cheney has already indicated that he intends to achieve savings by closing military base after military base. Many studies have shown that such savings are illusory and provide very little in the way of deficit reduction. At the same time that DOD is proposing to save money through base closures, there are few significant cuts proposed in the proliferation of weapons systems or research and development that cost billions of dollars and often produce nothing. We could produce significant savings were the programs scaled back. NFFE strongly recommends that DOD and this Subcommittee examine the procurement budget in order to reap the real benefits of any "peace dividend."

BASE CLOSURES

NFFE believes that the Defense Secretary's Commission which originally targeted bases for closure, is replete with erroneous and out-of-date information. In November 1989, the General Accounting Office released a report entitled "An Analysis of the Commission's Realignment and Closure Recommendations." Many of the findings in the GAO report indicate that the Commission used erroneous figures and that errors were made in the implementation of policy.

When considering only the three air bases represented by NFFE, the number of questionable decisions upon which recommendations were made are staggering. For example, George AFB, with 361 flying days per year, is the only home of the F-4G also known as "Wild Weasel." The Commission proposes to move the F-4G to Mountain Home AFB which has only 220 flying days per year. It does not make sense to base a one-of-a-kind Fighter Wing at a location that is unsuitable for flying 40% of the time.

The report on Norton AFB in San Bernardino, California states that there is a shortage of warehouse and weapons storage facilities, yet our members who work at Norton everyday can testify to the fact that there is vacant space in the existing weapons storage facilities and that major renovations of warehouse facilities have been completed.

The Chanute AFB in Rantoul, Illinois was targeted for closing primarily because of alleged lower quality and insufficient facilities. However, the Commission never visited Chanute. This determination was made in ignorance: the $170 million appropriated by Congress since 1980 for construction has been well used to build the new facilities at the Fire Prevention School, the Liquid Fuels School and the Weather Training School which are unique and would have to be constructed at a great expense elsewhere if Chanute were closed.

In light of our concerns and those expressed by others, it is inappropriate for Congress to consider the Commission's findings as an accurate and valid determination of which military installations should be closed.

Recently, insult was added to injury when Secretary Cheney released his list of other military installations that are targets for closure or realignment. We will not detail the apparent partisan manner in which these bases were chosen. However, NFFE finds it curious that the some of the bases which are targeted for closure were done so in what we consider an arbitrary and capricious manner. For example, the Department of Defense, in many instances, has ignored the Base Closure Act and selected bases to close without doing an Environmental Impact Study (EIS) or implementing a study to objectively determine which military installations should genuinely be subject to closure or realignment. We realize that we are in a changing world and that our priorities must be changed. However, we believe that the indiscriminate closing of bases is foolish and shortsighted.

We believe that the time is now to determine a sound policy which focuses on both our short and long range defense needs. We need to carefully establish our priorities. Over the past decade, the military budget has grown at the expense of social programs. As a result, our infrastructure, our medical programs, and our welfare programs have been severely depleted. We need to put an end to the unharnessed defense spending that has been with us for over the past decade. At the same time, however, we must be careful not eliminate a base or a function that we may need down the road. Once we have created a coorinated defense program based on realistic needs, we believe we can achieve the true savings that we all endorse and in doing so, we can help reduce the deficit.

NFFE therefore requests that the Subcommittee not appropriate any funds to implement the Commission's findings or those findings determined recently by Secretary Cheney until a full review can be completed.

CONTRACTING OUT

NFFE has long been concerned about the serious problems with the management and control of contracting procedures along with repercussions of such problems in the Federal workforce. Despite the existence of the Office of Management and Budget (OMB) circular A-76, which establishes guidelines for the contracting out of commercial activities, the procedures involved in converting these functions to the private sector are constantly abused and ignored. The results are cost overruns, shoddy workmanship, sole source contracts and a waste of taxpayers' dollars.

The previous revisions applied to the Circular have done nothing to improve cost efficiency, the primary concern of the American taxpayer. Until 1983, government policy stipulated that contracts should be awarded only when cost studies demonstrated it would be less expensive to perform the work privately than in-house. The policy, which applied to Federal activities costing more than $100,000, protected the Government and the American taxpayer from paying unnecessarily high prices for essential goods and services.

The policy was spelled out in Circular A-76, but in 1983, the Administration changed the cut-off point below which cost comparison studies are not required. The revised

Circular states that Federal activities with 10 or fewer Full-Time Equivalents (FTE's) may be contracted out without a cost comparison study. These activities can be, and have been contracted out by agency heads without having to determine whether the work can be performed more efficiently by Government personnel.

The FY 1986 DOD Authorization Act (PL99-145) raised the cutoff point by agencies again, this time from 10 employees to 40. A year later, the FY 1987 DOD Authorization Act (PL 99-661) raised the threshold to 45. Under the Act, DOD activities employing 45 or fewer civilians are not required to perform a full A-76 review. Without a cost comparison analysis, the American taxpayer can never be certain whether or not a private contractor's performance of a commercial activity is less expensive than the Federal workforce.

In response to the authorizing committees' action, the Defense Appropriations Committees modified the cutoff point change in the FY 1987, FY 1988, FY 1989 and FY 1990 Defense Appropriations bills by requiring agencies to complete a Most Efficient Organization (MEO) analysis and certification before a DOD activity employing more than 10 civilians could be contracted. (Under this modified MEO, no conversion costs would be included, nor would there be any appeal rights. It is simply a provision to ensure that the Government is performing a function in the most efficient and cost-effective manner before its costs are compared to the private sector.) NFFE urges the Subcommittee to include the requirement again in this year's appropriations bill.

Furthermore, in the Conference Report accompanying appropriations for FY 1990, the Appropriations Committees mandated a time limit for both single function and multi-function cost studies. Unfortunately, Congress' mandate was written into report language and was not codified. As a result, DOD has stated that it will ignore the intent of the Conference Report. NFFE urges the codification of the language contained in Report 101-345 on pages 27 and 28.

To cite one example of how vital the reforms to A-76 are, we would like to direct the Subcommittee's attention to a rogue contracting scheme affecting NFFE Local 1263, the Defense Language Institute (DLI) in Monterey, California. The Department of the Army has requested a feasibility study for contracting out the teaching of Low Density Languages (Bulgarian, Hungarian, Romanian, Indonesian, etc.). The Army did not conduct an A-76 study in this instance and refused to cite the authority that it used. At the very least, a modified MEO study should have been conducted since the function involved more than 9 and fewer than 45 employees. Through the course of arbitration that NFFE followed, Army was cited as acting in an arbitrary and capricious manner. Army is currently appealing the arbitrators' decision, while 27 expert language instructors remain unemployed.

NFFE believes that the teaching of Low Density Languages to military personnel, with all the specialized terminology and attendant national security considerations is an inherently governmental function that should never have been considered for contracting out. Furthermore, as we see democratic changes sweep across Eastern Europe, we need individuals who are well trained in the specialized languages of those areas. NFFE is stunned that the Army would countenance the loss of quality control, military professionalism, specialization, and linguistic expertise that would necessarily follow if military personnel were required to study languages on college campuses across the country.

DLI has spent years perfecting its teaching techniques and facilities. The chances of achieving similar success rates in an outside facility are dubious at best. This example is typical of the shortsighted decision making process that seems to plague contracting out questions at the DOD. NFFE urges the Subcommittee to withhold further funds for contracting out of DLI low-density language instruction.

Ironically, once a function is contracted out, it is virtually impossible to return it to in-house performance, even if cost overruns are outrageous. Since it is not in the activity's best interest to acknowledge to its parent command that contracting mistakes have been made, the Commands rarely request re-evaluation, despite the fact that cost increases are compounded over the life of the contract.

Unfortunately, it is also difficult to predict such cost overruns before a function is contracted out. However, study after study has shown that cost savings are illusory. Because the appeals process for A-76 review is extremely narrow in scope and only applies to the private contractor, losing in-house bidders can rarely prove that no reasonable contractor could perform the function at such a low estimate. Instead, American taxpayers are forced to suffer through the poor performance and cost overruns for the entire contract period. NFFE is currently working to broaden the appeals process for in-house operations in order to put an end to the horror stories that have become so common in contracting out situations.

Moreover, NFFE supports legislation to require the Government to return any savings achieved through contracting out to the U.S. Treasury. If the Department of Defense is convinced that contracting out government services is a taxpayer's dream, then they should be willing to use the savings to reduce the nation's deficit. Alternatively, if no savings are accumulated or if contracting out is actually shown to cost more money than the government had been spending, perhaps a serious re-evaluation of the program will be conducted. NFFE urges the Appropriations Committee to adopt a similar provision in this year's Defense Department Appropriations bill.

In summary, the Department of Defense, as well as other departments, should be required to convert civilian jobs to the private sector only for the right reasons -- cost efficiency and quality performance. Thousands of Federal activities and billions of tax dollars are not wide open to potential abuse, especially within DOD. NFFE strongly urges the Subcommittee to prevent this by including legislative restrictions on contracting out in this year's DOD Appropriations bill.

THE CIVILIAN TECHNICIAN PROGRAM

During the past several years, NFFE has appeared before the Subcommittee many times to discuss the civilian technician program. Civilian technicians have helped maintain the National Guard and Reserves as an effective fighting force for many years. These technicians are called upon to provide full-time administrative, supply, maintenance, training support that has enabled each Reserve and National Guard component to become a key link in our national defense structure. The Department of Defense has recognized that civilian technicians are the group best able to accomplish the task of performing this crucial mission. Today, technicians are stationed in every state and territory and at thousands of bases and armories, constantly ensuring that our forces are ready to meet any crisis.

Today I would like to focus on one particular issue concerning civilian technicians -- the Military Education Program (MEP). The FY 1989 DOD Authorization Act included language which phased out the MEP for Army National Guard civilian technicians. This action was in response to a General Accounting Office study which demonstrated that the MEP was unnecessarily costly, wasteful of DOD resources and damaging to technician morale. In response to this legislation, the National Guard Bureau established the Professional Development Program (PDP). That program is basically similar to the MEP but with additional requirements, some creating duplication of unnecessary training for technicians. In fact, we have testified before this Subcommittee in the past that we believe the PDP to be nothing more than a reincarnated MEP. At NFFE's request, the 1990 DOD Authorization Act included language giving credit for previous courses taken under this program, eliminating most of the duplication. The National Guard Bureau (NGB) is currently in the process of implementing this provision into law. We thank you for your assistance in this area.

However, NFFE believes that the NGB is once again bypassing language in the Act concerning the Battle Skills course. The Act states that "A civilian technician of the Army National Guard may not be denied a military promotion because of the failure of the technician to attend the Battle Skills course if the technician has requested in writing to attend such a course and has not been selected to attend a course that would permit completion of the course within one year after such request." In a letter dated May 8, 1990 to NFFE, General Conoway, the new chief of the NGB stated, "a technician who has applied for the next required course, and has been accepted into that course, may not be promoted until after completing that course."

NFFE is convinced that this requirement is in direct conflict with the intent of the 1990 DOD Authorization Act language stated above. The wording in General Conoway's letter is mysterious because someone may be accepted into a course scheduled to take place two or three years in the future. If this situation occurs, (which is likely as there are only 1200 class slots each year and htere are 35,000 civilian technicians) someone will be denied a promotion, even though they have eagerly tried to take part in the required course as required by law. We urge the Subcommittee to respond directly to General Conoway conveying the true intent of the law -- that a civilian technician may not be denied military promotion as long as that technician has applied in writing for the required course.

CONCLUSION

NFFE recognizes that global political and economic events necessitate changes in the DOD budget. However, the goals of military preparedness and cost-efficiency can only be reached through enlightened decision-making. The decisions to close and/or realign military installations should be made according to accurate and up-to-date statistics and with the interests of national security and the taxpayer in mind. The serious deficiencies of the A-76 program should be ended immediately. An accurate and complete accounting system should be implemented to asses the true costs and savings of contracting-out. It makes no sense to continue squandering the scarce financial resources of the American taxpayer if it cannot be proven that cost-savings have indeed been returned to the Treasury. Finally, the ability of civilian technicians to contribute to the national security through increased training and education should not be compromised by political hijinks. Technicians should not be denied promotions by preventing their ability to enroll in continuing education courses. NFFE is confident that the sound resolution of these problems will result in a well prepared military and a cost savings to the American public.

This concludes my statement, I will be happy to answer any questions you may have.

Senator INOUYE. Thank you very much, Ms. Renner.

Will you provide this committee a copy of the letter you received from General Conaway?

Ms. RENNER. Yes; we will be happy to do so.

[The information follows:]

[CLERK'S NOTE.—As of November 13, 1990, the above-referenced information had not been received.]

Senator INOUYE. Second, it is your contention that the contracting-out program is not cost effective and it does not result in savings?

Ms. RENNER. Yes; that is what we believe, and we have experienced that first hand.

Senator INOUYE. Do you happen to have any studies that would support your contention?

Ms. RENNER. Yes; we have two. We would be happy to submit those also.

Senator INOUYE. Thank you very much.

Ms. RENNER. Thank you.

[The information follows:]

[CLERK'S NOTE.—As of November 13, 1990, the above-referenced information had not been received.]

AMERICAN ASSOCIATION OF NURSE ANESTHETISTS

STATEMENT OF DENNIS STROUP, CODIRECTOR, GRADUATE NURSE ANESTHESIA EDUCATIONAL PROGRAM, SCHOOL OF NURSING, UNIVERSITY OF PITTSBURGH, AMERICAN ASSOCIATION OF NURSE ANESTHETISTS

Senator INOUYE. Our next witness is the codirector of the Graduate Nurse Anesthesia Educational Program, School of Nursing of the University of Pittsburgh, and represents the American Association of Nurse Anesthetists, Mr. Dennis Stroup.

Mr. Stroup.

Mr. STROUP. Good morning, sir.

I am a certified registered nurse anesthetist, and am a member of the American Association of Nurse Anesthetists. I am also a retired Army Nurse Corps officer, having served 22.5 years in the Army Nurse Corps as a nurse anesthetist practitioner and educator.

INCENTIVE PAY BONUS FOR NURSE ANESTHETISTS ON MILITARY DUTY

I am here before you representing all of my colleagues today to express our appreciation for the chairman's support, that of his staff, and the committee's support of the incentive pay bonus for nurse anesthetists on military duty.

As you know, nurse anesthetists play a vital part in the performance of anesthesia case during peacetime. It is our concern also for readiness of the military and during combat time that is an adequate supply of nurse anesthetists.

It seems that the bonus pay has been in the past year beneficial in retaining and recruiting nurse anesthetists in the military. Our figures to date indicate that for the U.S. Air Force, 88 percent accept the bonus pay; 85 percent in the U.S. Navy Nurse Corps have accepted the bonus pay. However, in the U.S. Army, only 70 percent of the nurse anesthetists on active duty have accepted the bonus pay.

Part of this low figure for the U.S. Army may be the lateness in the implementation of that bonus pay.

Currently, there is a great need for nurse anesthetists in the civilian sector and the pay for nurse anesthetists in the civilian sector is an average of $58,000 per year, plus benefits. In the military, the average rank of a nurse anesthetist is a senior captain, who makes approximately $38,000 a year. So there is a great disparity between the military pay and civilian pay.

As you know, there are a great number of civilian jobs available, and we see an increased number of military people advertising in our journal for civilian jobs.

DOWNSIZING OF THE MILITARY

One other concern of my colleagues in the Association of Nurse Anesthetists is the downsizing of the military. Currently, from our figures, the anesthesiologists in the military are 151 percent of appropriated slots. Nurse anesthetists currently in the Army are at 80 percent of appropriated slots.

We would ask the committee and the Congress to monitor this closely, that if there is going to be a reduction in force of anesthesia providers, that the reduction be apportioned between both groups equally and not just on one group.

WILLIAM BEAUMONT

It is my experience in the Army—and my last assignment was at William Beaumont—that 95 percent of the anesthesia was administered by nurse anesthetists at that institution. We administer anesthesia to all types of surgery, which included neurosurgery, chest surgery, major vascular surgery. We know that in civilian life, nurse anesthetists administer to open heart surgery and to transplant surgery. At other institutions in the military, nurse anesthetists do administer to heart surgery patients.

At William Beaumont, even though 95 percent of the anesthesia was administered by nurse anesthetists, the mortality and morbidity rate at that institution was less than the national average. This demonstrates the capability of nurse anesthetists, I believe.

Part of the nurse anesthetist's job is not only planning the anesthesia, but the actual administration of the anesthesia, monitoring the patient during surgery, and then taking care of any complications postoperatively. Nurse anesthetists administer general anesthesia, where a patient is put to sleep, and they actually administer the drugs. They also give regional anesthesia, including spinal, epidural, and all manners of peripheral nerve blocks.

In summary, sir, I think it is important for not only the quality of anesthesia care in the military during peacetime, but certainly during readiness, that the retention and recruitment of nurse anesthetists is of vital importance.

The association and all of its members would like to assure that the incentive bonus pay for nurse anesthetists for fiscal year 1991 is approved.

That concludes my testimony, sir. I would be happy to answer any questions you have.

Senator **Inouye**. Thank you.

As you know, nurses will receive special care from this subcommittee. I have always appreciated the services rendered by nurses. I personally spent about 24 months in military hospitals during my lifetime. So I appreciate what the nurses have done, can do, and will continue to do.

So, it is a pleasure working with you, sir.

Thank you.

Mr. **Stroup**. Thank you very much, sir. We appreciate your support.

[The statement follows:]

STATEMENT OF DENNIS STROUP

My name is Dennis Stroup. I am a certified registered nurse anesthetist (CRNA), who is Co-Director of the graduate nurse anesthesia educational program in the School of Nursing, University of Pittsburg. I am a member of the American Association of Nurse Anesthetists (AANA), and also a retired Army Nurse having served most of my years in the service as a nurse anesthetist practitioner and educator. I am here before you, representing all of my colleagues of the AANA and appreciate this opportunity to testify before this Committee to present our concerns regarding the recruitment and retention of certified registered nurse anesthetists within the military services. The purpose of this testimony is to assure the availability of funds for the incentive pay bonus for CRNAs in Fiscal Year 1991.

INCENTIVE PAY BONUS FOR CRNAS

To begin with, we want to thank this Committee and its staff, and other Congressional members who supported the $6000 incentive pay bonus awarded to CRNAs this past year. From data we have been able to acquire from the military services, it would appear that the bonus has had a beneficial effect in retaining CRNAs this fiscal year. In following the effects of this bonus upon retention, the figures we have collected reflect the following:

EFFECT OF INCENTIVE PAY BONUS ON RETENTION OF CRNAS WITHIN MILITARY HOSPITALS, FISCAL YEAR 1990
PRELIMINARY DATA

	U.S. Army	U.S. Navy	U.S. Air Force
Qualified for Bonus	246	115	222
Contracts Signed	173	98	196
Percent Accepting Bonus	70 %	85 %	88 %
Pending Contracts	32	3	4
Refused Contracts	22	14	22

The Army's figures reflect a significantly lower percentage of persons accepting the bonus to date as compared with the other two services. Part of this may be due to the lateness in the fiscal year when the Army implemented the bonus and, perhaps, all stations have not had time to report back their results. What cannot be deduced from these figures is how many of the Army's or other services' figures related to a refusal due to eligibility for retirement.

The pay differential between civilian and military salaries of CRNAs remains wide, with the average salary of CRNAs within the private sector in 1988 being $58,000 plus benefits. We believe that if the military chooses to maintain a competent, experienced group of CRNAs, the retention incentive bonus should be upgraded to a minimum of $10,000 when considered is given to reauthorization and subsequent appropriation in FY 1992.

DOWNSIZING OF MILITARY AND MANPOWER NEEDS

It is obvious that the events in Eastern Europe, over the past year have given all Americans, and certainly the Congress, reason to consider possible change as it relates to manpower and other requirements for the military services over the coming years. AANA also recognizes that some downsizing of the military will result in at least cuts in active duty strength, and thus perhaps there will not be as large a requirement for health personnel in the future. From information we have heard, already there may well be planning by some CRNAs to leave the military service as soon as their commitments from education, promotion or other reasons are fulfilled rather than serve through a period of time not knowing the extent of their chances for remaining within the service during this period of downsizing. Certainly, the salary, even with a bonus, does not necessarily encourage retention. The advertisements in our Association Bulletin, placed by CRNAs leaving the service and seeking special types of practice settings have significantly increased. While we have not surveyed those individuals regarding their reasons for leaving the service after 10-12 years in the military, our talks with military CRNAs continue to indicate pay is still a problem, with promotion potential continuing to run as the second most frequently cited cause.

AANA continues to hear of unwarranted restrictions being placed on CRNA practice in this past year. We are aware that the American Society of Anesthesiologists has passed a resolution at its last meeting and is pursuing efforts to get the Army to change its administrative organizational structure for CRNAs, creating a morale and potential retention problem. AANA has been informed that the CRNAs and the Army Nurse Corps are against such change.

The CRNA Manpower Study mandated by the Congress was reported this past month. It projects a need of 35,000 CRNAs by the year 2010, about 14,000 more active, practicing CRNAs than we now have. We believe it very important that institutions, agencies, and military services, which utilize this valuable and limited personnel resource, make every reasonable effort to retain those they have, and, to the extent possible, help prepare others.

If downsizing of health personnel resources becomes a fact for the military, we believe the Congress should set some priorities for such action and would recommend consideration of the following:

1. Any personnel cuts should be done in a manner to assure a balance of providers for the services to be performed, rather than merely to cut unfilled spaces where they may exist.

2. Any personnel cuts should be aimed at protecting, to the extent possible, within constraints of a balance in health manpower resources, those health providers that are in short supply and which have a history of being difficult to retain and/or recruit.

3. Any reduction in health provider personnel should take into consideration the current problems associated with access to care by military beneficiaries within military health facilities.

4. Where substitution of personnel is possible, consideration should be given to maximizing the retention of spaces for the more cost-effective provider.

MILITARY EDUCATIONAL PROGRAMS FOR ANESTHESIA PROVIDERS

We believe this Committee should be aware that by the end of Fiscal Year 1990, the Army anticipates having 124 anesthesiologists while having only 82 authorizations for such personnel at this time, i.e. the Army will be at 151% strength for these physician providers. Plans are underway with the anticipated closure of Letterman Army Medical Center, as a part of the base closure effort announced last year, to move the medical anesthesiology residency program at Letterman to Madigan Army Medical Center in Tacoma, Washington. While the hope is that Madigan will be able to support both programs, Congress should monitor this, since historically the pattern has been to eliminate the nurse anesthetist educational program when clinical teaching resources become tight in those institutions in which there are co-existing medical residency/nurse anesthesia educational programs. Further, if the media is correct, an Army division at Ft. Lewis, Washington, which Madigan supports, is slated to be deactivated making this scenario even more possible.

While the medical anesthesiology residency program is four years in length, the pay back time for this training is one year for one year of training, i.e. a total of four years. The nurse anesthetist educational program is only approximately 28 months in length and graduates from this program are required to pay back six years for the 28 month training period, i.e., 2.6 years for every one year of training. Further, the retention rate for nurse anesthetists following educational payback has been significantly higher historically than that for anesthesiologists. We believe a potential decision to close a nurse anesthesia education program could be short-sighted.

SUMMARY

We thank you for this opportunity to address this Committee and urge you to fund the CRNA incentive pay bonus for FY 1991. Again, we want to thank you for the interest you have shown in CRNAs and recognize that this interest is based on your awareness of their vital role in military readiness and the national defense. It has been our contention that the military is best prepared for war when it permits its personnel to function in a manner that maximizes personnel skills and enhances their capabilities and competences. We envision this Committee as not only a caretaker to assure the national defense, but also a caretaker of military personnel, including those charged with actual responsibility for the health care of our troops, their dependents, and other military beneficiaries. We appreciate the job you do. And we thank you.

COALITION OF EPSCoR STATES

STATEMENT OF H. STEWART VANSCOYOC, DIRECTOR, WASHINGTON OFFICE, WINBURN, VANSCOYOC & HOOPER

RESEARCH BUDGET

Senator INOUYE. Our next witness is the director of the Washington Office of Winburn, VanScoyoc & Hooper, Mr. H. Stewart VanScoyoc.

Is that the correct pronunciation?

Mr. VANSCOYOC. That's very good, Mr. Chairman. Thank you. I appreciate it.

That's a little bit of a tough act to follow. I am going to switch gears a little bit on you here this morning and turn to the research budget at the Department of Defense, specifically the geographic distribution of those awards. It is a subject many of your colleagues have a great deal of interest in.

EPSCOR COALITION

Specifically this morning, I am here representing a relatively new group. That group is called the Coalition of EPSCoR States, which was formed approximately 1 year ago to work in support of the concepts embodied in the National Science Foundation's Experimental Program to Stimulate Competitive Research or EPSCoR.

The National Science Foundation established EPSCoR in 1979 for the purpose of developing the capacity of scientists and institutions in eligible States to compete more successfully for Federal research funding from NSF and other Federal research agencies.

The EPSCoR approach involves a coordinated, statewide planning effort, designed to identify programs which will facilitate the creation of pockets of research excellence within each State.

Since 1979, 16 States and Puerto Rico have been designated by NSF as eligible for participation, and those States are written on my written statement, which I hope you have a copy of.

The EPSCoR Coalition was formed to increase an awareness of the program, to search and secure additional funding for it at NSF, and to encourage other agencies and departments of the Federal Government to adopt complementary initiatives.

By this statement, we request this subcommittee's support for initiating an EPSCoR-type initiative at the Department of Defense.

The guts of our statement basically are contained in four charts which are attached to the written testimony submitted to the committee. If you look at those four charts, you will see that Federal research funding is concentrated—and this is overall, not just at the Department of Defense—in relatively few States and regions of the Nation. As you can see from chart I, the 16 EPSCoR States and Puerto Rico, while containing 13 percent of the U.S. population, receive only about 5.5 percent of Federal research and development dollars.

In contrast, the top five research States, with 27.9 percent of the population, receive about 44.5 percent of Federal research and development dollars.

I have gotten some data recently on the Department of Defense, and the skewing there is even more dramatic. The information we have on a preliminary basis is that the top 10 States get 71 percent of the research funding, while the bottom 16 States and Puerto Rico get less than 3 percent.

At this point, I would like to thank your committee and you in particular. Last year, in your appropriations bill, you did ask the Department of Defense to put together a report on geographic diversity and specifically to look at the EPSCoR program to see how it would be applicable to the Department of Defense.

My recollection is that that report was due in January. I don't believe it has been sent up here yet by the Department of Defense. So I guess that is one thing we would specifically like to request this morning; that is, maybe some encouragement at the Department of Defense to get that report to us and to you.

It is not surprising, therefore—in fact, it may be related—that the EPSCoR States tend to have a per capita income that is lower than the national average and substantially lower than the top five States. That is shown on chart II.

The EPSCoR experiment, while funded at only one-quarter of 1 percent of the NSF budget, was designed as a first step in addressing this disparity. The approach involves a statewide coordinating mechanism to identify State and institutional barriers to successful competition for funding, to develop a comprehensive improvement plan, supported by State and institutional resources, and—this is important—to undertake a merit review of all EPSCoR programs and to implement an improvement plan focusing on infrastructure improvement, research enhancements, and human resource development.

The result has been a significant improvement in State support for research and development in the EPSCoR States. These charts are critical. As you can see from charts III and IV, Federal support, as a percent of total spending for research and development at our research universities, continues to lag significantly behind both the national average for Federal support and the percentage of support provided to the top five States.

On the other hand, State support in the EPSCoR States is twice the national average and over seven times as great, on a percentage basis, as it is in the State that receives the greatest amount of Federal support.

It is now time, we believe, for a serious, governmentwide effort to broaden this Nation's research base, and we believe that the EPSCoR approach, developed and refined by NSF for over 10 years, is the best way to proceed. We are not alone in that view.

Dr. Bromley, the President's Science Adviser, testified again as late as yesterday that he supports this, and Mr. Erich Bloch, the NSF Director, has also expressed specific support for such an initiative.

UNIVERSITY RESEARCH FUNDING

Accordingly, we hope that this subcommittee will consider having the Department of Defense make available a small amount of its university research funding to States for competitively awarded EPSCoR-type grants. Part of that money could be used to support a number of planning grants for States to assess their potential in areas of research.

For those EPSCoR States that have already made progress, the funds could be used for a small number of larger implementation grants.

We do think this would also have a major impact on human resource development, which is one of the major areas that this administration and the Senate is focusing on.

In conclusion, in 1979, NSF, faced with a requirement in its charter that it avoid undue concentrations of research, initiated EPSCoR in an effort to broaden the distribution of its research funds. As developed over the last decade, the State-based model has proven effective.

We, in the coalition, believe that this proven model should be extended to other departments and agencies, including the Department of Defense.

With the support of this committee, we are confident that the breadth of the research enterprise funded by DOD can be improved and that a significant enhancement of our human resource potential in the areas of science important to the DOD mission will result.

In conclusion, again, I would like to thank you for your support last year in asking for that report from the Department of Defense.

Thank you.

[The statement follows:]

STATEMENT OF THE COALITION OF EPSCoR STATES

INTRODUCTION.

Mr. Chairman and members of the Committee, we appreciate the opportunity you have given us to testify. The Coalition of EPSCoR States was formed approximately one year ago to work in support of the concepts embodied in the National Science Foundation's Experimental Program to Stimulate Competitive Research (EPSCoR).

The National Science Foundation established EPSCoR in 1979 for the purpose of developing the capacity of scientists and institutions in eligible states to compete more successfully for Federal research funding from NSF and other Federal agencies. The EPSCoR approach involves a coordinated state-wide planning effort, designed to identify programs which will facilitate the creation of pockets of research excellence within each state. Since 1979, 16 states and Puerto Rico* have been designated by NSF as eligible for participation.

The EPSCoR Coalition was formed to increase awareness of the EPSCoR program, to secure additional funding for it at NSF, and to encourage other agencies and departments of the Federal government to adopt complementary initiatives. By this statement we request this Subcommittee's support for initiating an EPSCoR-type initiative at the Department of Defense.

Characteristics of the EPSCoR States.

Presently, Federal research funding is concentrated in relatively few states and regions of the nation. As you can see from Chart I, the 16 EPSCoR states and Puerto Rico, while containing 13% of the United States population, receive only 5.6% of Federal research and development dollars. In contrast, the top five research states, with 27.9% of the population, receive 44.5% of Federal research and development dollars. It is not surprising, therefore, -- in fact it may be related, -- that the

EPSCoR states tend to have a per capita income that is lower than the national average and substantially lower than the top five research states. This is shown in Chart II.

The EPSCoR experiment, while funded at only one-quarter of one percent of the NSF budget, was designed as a first step in addressing this disparity. The EPSCoR approach involves the establishment of a state-wide coordinating mechanism to:

-- Identify state and institutional barriers to successful competition for funding.

-- Develop a comprehensive improvement plan supported by state and institutional resources.

-- Undertake a merit review of all EPSCoR programs and;

-- Implement an improvement plan focusing on infrastructure improvement, research enhancements and human resource development.

The result has been a significant improvement in state support for research and development in the EPSCoR states. As you can see from Charts III and IV, Federal support as a percent of total spending for research and development at our research universities continues to lag significantly behind both the national average for Federal support and the percentage of support provided to the top five states. On the other hand, state support in the EPSCoR states is twice the national average and over seven times as great on a percentage basis as it is in the state that receives the greatest amount of Federal support.

Initiating an EPSCoR Program at Department of Defense.

Mr. Chairman, it is now time for a serious government-wide, systematic effort to broaden this Nation's research base, and we believe that the EPSCoR approach, as developed and refined by NSF for over 10 years, is the best way to proceed. We are not alone in this view; Dr. D. Allan Bromley, the President's Science Advisor, and Mr. Erich Bloch, the NSF Director, have expressed specific support for having the EPSCoR model adopted by other departments. We would also note that the Association of American Universities (AAU) and the National Association of State

Universities and Land-Grant Colleges are both on record in this regard.

Accordingly, we hope that this Subcommittee will consider having the Department of Defense make available a small amount of its university research funding, perhaps up to $7 million, to states for competitively-awarded EPSCoR-type grants. Part of this money could be used to support a number of planning grants for states to assess their potential in areas of research important to the Department of Defense and to develop comprehensive plans to realize this potential. For those EPSCoR states that have already made progress in this area, the funds could be used for a small number of larger implementation grants that would support research enhancement, infrastructure improvement and/or human resource development to meet the ongoing technical needs of the Department.

Conclusion.

In 1979, NSF, faced with a requirement in its charter that it "avoid undue concentrations of research" initiated EPSCoR in an effort to broaden the distribution of its research funds. As developed over the last decade by NSF, this state-based model has proven effective; two out of the last three engineering research centers awarded by the Foundation went to institutions in EPSCoR states.

We in the Coalition believe that this proven model should be extended to other departments and agencies that fund research, including the Department of Defense. With the support of this Subcommittee, we are confident that the breadth of the research enterprise funded by DOD will be improved and that a significant enhancement of our human resource potential in the areas of science important to the DOD mission will result.

Chart I

COMPARISON OF POPULATION AND FEDERAL R & D $$ AS PER CENT OF THE U.S. TOTAL

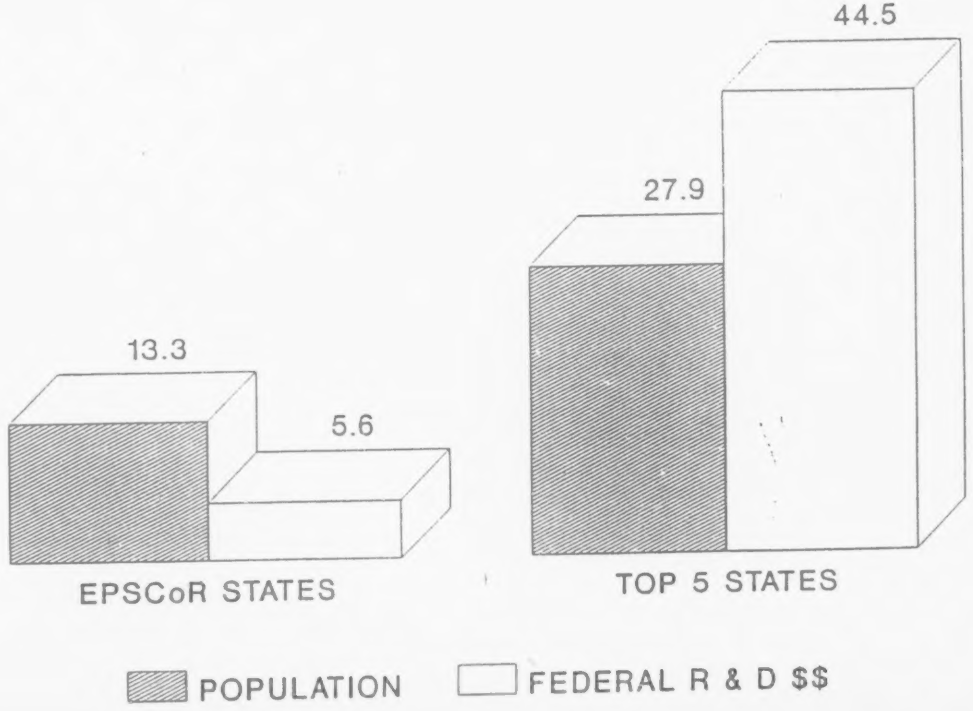


Chart II

PER CAPITA INCOME, 1988
PER CENT OF NATIONAL AVERAGE

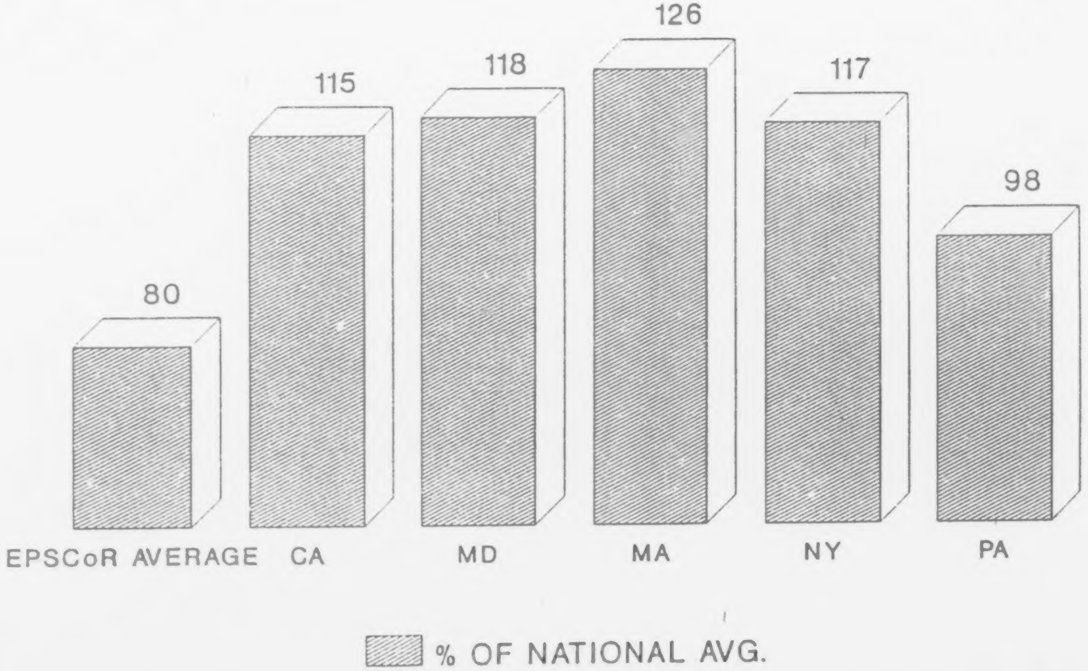


Chart III

PER CENT OF TOTAL 1988 R & D SPENDING
PROVIDED BY FEDERAL GOVERNMENT

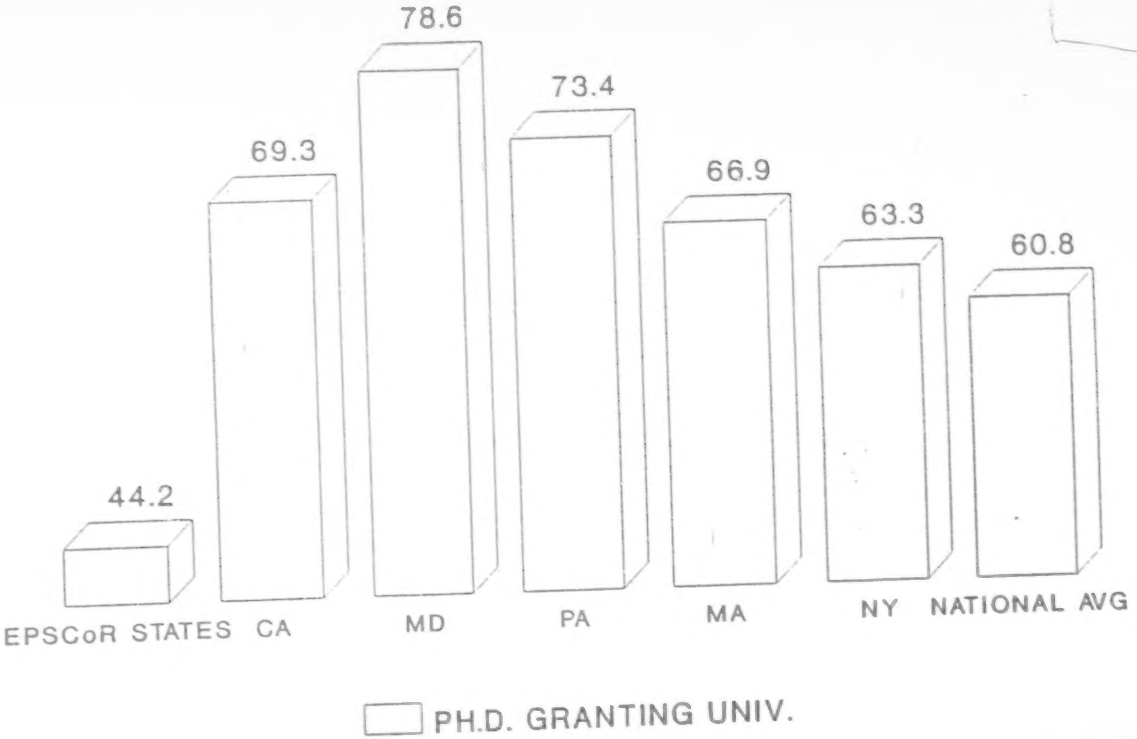
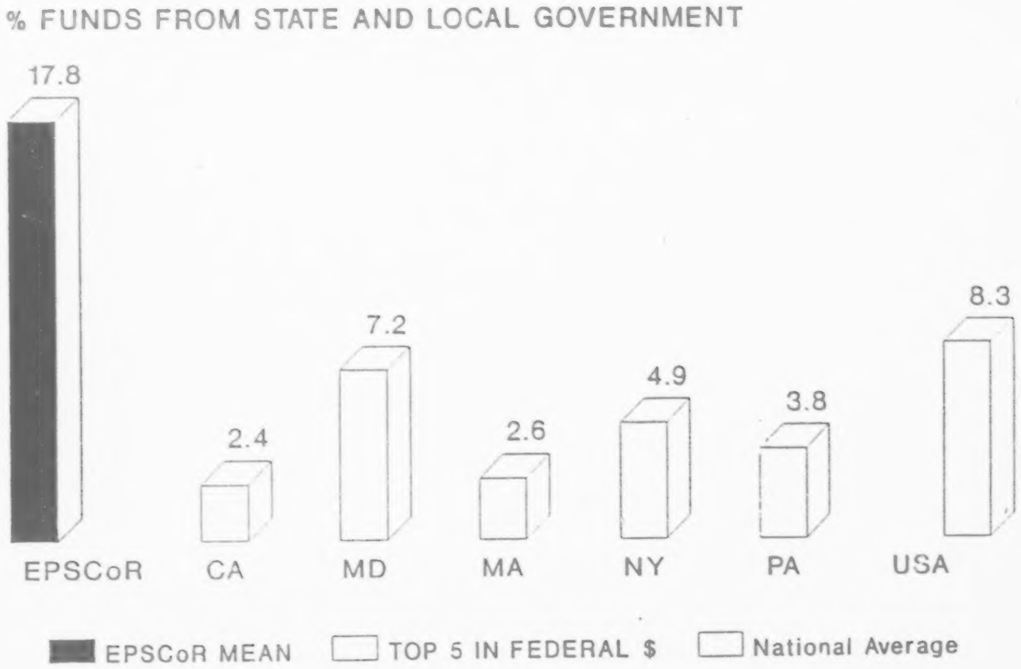


Chart IV

RESEARCH AND DEVELOPMENT SPENDING BY DOCTORATE-GRANTING UNIVERSITIES FY 88



Source: National Science Foundation

Senator **Inouye**. Can you tell me how the NSF selected these 16 States and Puerto Rico?

Mr. **VanScoyoc**. I can submit a more complete answer to the record, but they basically created an array which looked at about four or five factors, including the amount of support that they received, the number of institutions, the Ph.D.'s that were resident in the State—those kind of factors. Then they came up with a distribution of about 16 States and Puerto Rico.

It was actually a three-stage process. In the first round I believe they picked five States; then they went to another four; then they added the rest in a third round.

But I can get you more specifics on that.

If you look from agency to agency, there is some variation in the bottom, say, 20 states. But it tends to be pretty much a universe of 25 states that moves in and out, depending on which agency you are talking about.

Senator **Inouye**. It is a very interesting list.

Mr. **VanScoyoc**. Yes.

Senator **Inouye**. I thank you very much, sir, and I look forward to your memo on this.

Mr. **VanScoyoc**. Thank you very much. I appreciate your time.

[The information follows:]

[Clerk's note.—As of November 13, 1990, the above-referenced information had not been received.]

American Institute of Aeronautics and Astronautics

STATEMENT OF DR. JERRY GREY, DIRECTOR, SCIENCE AND TECHNOLOGY POLICY, AMERICAN INSTITUTE OF AERONAUTICS AND ASTRONAUTICS

Senator **Inouye**. Our next witness is the director of Science and Technology Policy of the American Institute of Aeronautics and Astronautics, Dr. Jerry Grey.

Dr. Grey.

Dr. **Grey**. Thank you, Mr. Chairman.

We do thank you for this opportunity to appear here today.

RESEARCH AND TECHNOLOGY

The AIAA is a nonprofit, professional society with a membership of over 43,000. Our main concern here is the urgent need for a focus on the research and technology in the defense budget.

As the military threat from Eastern Europe declines, the defense budget faces significant cuts. It is more important than ever to spend our resources wisely.

We believe the present environment calls for a greater investment in the defense, science, and technology budget. Historically, such investments have enabled us to do more with fewer resources.

We are entering a period of great change in the technical capabilities of many nations around the world. You, yourself, Mr. Chairman, have pointed out that the next decade could be potentially extremely dangerous because Third World countries are acquiring ever more sophisticated military equipment, which adds a new dimension of complexity to the world scene.

The global balance of power is shifting from strength based on military might to nations with overall superior technological capability. But, funding for the U.S. technology base is in constant jeopardy. It lost about 9.5 percent between fiscal years 1989 and 1991, more than the overall defense budget.

In the fiscal year 1991 proposal, the tech base was 8.8 percent of the total defense budget. In 1965, it was almost 25 percent. That is 25 years ago.

We, therefore, recommend funding the technology base, that is, 6.1 and 6.2 sections, at $3.56 billion for a 3-percent annual real growth, not including SDI research.

Technology demonstrators validate technology that have high risk and high payoff and help maintain engineering skills and teams. One of their principal advantages is their relatively low cost, compared to fielded systems, about 3 percent historically.

We, therefore, urge you to continue a vigorous 6.3A technology demonstrator program by supporting the administration's fiscal year 1991 request of $2.122 billion for these programs, again excluding SDI.

Now, in addition to specific R&D efforts, certain areas of the defense budget are especially important for strengthening our national security in the years ahead because they contribute strongly to the technology base.

The national aerospace plane technology has tremendous potential for enhancing both U.S. competitive economic standing as well as national security. We, therefore, recommend strong support of NASP technology development, with continued joint management by the Department of Defense and NASA.

ADVANCED TACTICAL FIGHTER PROGRAM

The advanced tactical fighter program is valuable both for maintaining a strong technology base and for enhancing conventional force strength throughout the world to offset forthcoming troop reductions. Although production and eventual deployment decisions for ATF will be made later by you and the Government, we would like to remind you that ATF-related technologies will help fulfill future military requirements and their demonstration and validation will improve our technology readiness.

We, therefore, recommending developing and flight testing the four YF-22/23 ATF prototypes to the extent necessary for validating the airframe and propulsion technologies and continuing ATF materials, avionics, and systems technology efforts.

The B-2 advanced technology bomber also embodies many advanced technologies that have long-term applications. We, therefore, recommend supporting, as a minimum, a full B-2 bomber flight test and demonstration program.

V-22 OSPREY

Besides the V-22 Osprey significant and well-recognized implications to future tactical defense capability, its technology could revolutionize the civil short-haul aviation industry and significantly reduce airport congestion.

Hence, pressures to terminate this program should be resisted and V–22 program decisions should be made on the basis of potential national military, civil, and economic benefits. We, therefore, recommend finishing the V–22 Osprey demonstration program.

The advance launch system program's goal is to provide affordable, responsive, reliable, and flexible access to space across a wide range of payloads. As with the V–22, there is significant civil and commercial launch requirements, which would be well served by the objectives of the ALS program.

Hence, we believe Congress should recognize the overall national requirements for ALS and base its funding decisions on those needs, as well as on purely national security missions.

We, therefore, recommend continuing pursuit of ALS technology and strengthening the propulsion R&D base program.

Small satellites offer opportunities for performing high-risk experiments, conducting engineering development and testing of satellite systems, training young engineers and scientists, and carrying out a number of military applications, as we have outlined in a recent AIAA position paper.

Funding for small satellites and their support systems is sporadic at best, despite the fact that they may offer benefits that far exceed their costs. We are, therefore, recommending developing TACSATS and other small satellites along with commensurate launch and support systems.

CRITICAL TECHNOLOGIES PLAN

The Department of Defense has identified 20 critical technologies in its critical technologies plan. We recommend using that plan to start developing a balanced, long-term national technology program. The annual critical technologies list could be used to assist funding decisions.

University laboratories perform a substantial portion of the basic and applied research conducted in the United States. In fiscal year 1988, universities conducted approximately 20 percent of all technology-base research. The DOD funds only about 8 percent of university research, but has access to most of it.

We, therefore, applaud the Department's funding of centers of learning excellence under the university research initiative, and recommend fully supporting the $98 million proposed by the administration for funding this initiative.

INDEPENDENT RESEARCH AND DEVELOPMENT

Independent research and development [IR&D] performed by industry fosters the pursuit of new ideas, is a valuable source of innovation, and helps preserve U.S. technological leadership and competitiveness. Before 1971, the Government recognized IR&D as a legitimate cost of doing business and reimbursed 100 percent of allocable costs. As recently as the 1970's, IR&D costs were reimbursed at 85 percent.

Today, that reimbursement has dropped to about 70 percent.

As a result, industry is subsidizing Government, and it can no longer afford to do so.

The Government Procurement Commission has said that IR&D and bid and proposal expenditures are in the Nation's best interest and recommended establishment of a policy that recognizes IR&D and B&P efforts as necessary costs of doing business.

We, therefore, recommend allowing companies to allocate to Government their full share of actual IR&D costs for reimbursement, without a ceiling limitation.

JOB DISPLACEMENT OF ENGINEERS AND SCIENTISTS

A final matter of great importance to us is the job displacement of engineers and scientists that will result from the forthcoming reductions in defense spending. These people are among the most skilled and talented in the Nation. Every effort must be made to find new jobs for them in civil industry, not only as a just return for the service they have provided, but also as the wisest investment policy for the Nation's economy.

After the Vietnam war, you heard many stories about aerospace Ph.D.'s who were driving taxicabs. Those stories are not fiction. Many of these people were our members.

We, therefore, recommend assisting engineers and scientists who become unemployed as a result of defense cuts by funding job counseling, job banks, and retraining, as well as taking steps to create a positive climate for civil industrial activity.

In summary, Mr. Chairman, during this time of reexamination of our defense spending, it is critically important that we take a long-term view of national security and future threats. Now that we seem to have won the cold war, we must keep ourselves ready to meet future challenges to both our national security and our economic well-being.

Increased funding for the technology base is the key ingredient in that long-term perspective.

Thank you for this opportunity to appear. I will be happy to answer any questions.

Senator INOUYE. Because of the concerns that you have expressed and the concerns that we have, we will be going to the desert to spend 2 days with the B-2 and the ATF programs. I am certain you are aware that this committee, more than any other, has been the resistor of the V-22 termination policy of the administration.

So we will see who is successful.

But we do have a program: How do we pay for all of this?

So with that, I thank you very much.

We have a vote in progress at this time, so there will be a short recess.

I will be right back.

[A brief recess was taken.]

[The statement and questions and answers follow:]

STATEMENT OF DR. JERRY GREY

Mr. Chairman and members of the committee, on behalf of the American Institute of Aeronautics and Astronautics (AIAA), we thank you for the opportunity to appear today.

The AIAA is a nonprofit professional society dedicated to advancing the arts, sciences, and technology of aeronautics and astronautics and to promoting the professionalism of those engaged in these pursuits. We have a membership of over 43,000 drawn from all levels of American industry, academia, private research organizations, and government as well as from numerous nations abroad.

INTRODUCTION

As the military threat from Eastern Europe declines and U.S. deficit reduction pressures mount, the defense budget faces significant cuts in FY91 and future years. In such an environment, it is more important than ever to spend our resources wisely to ensure the greatest defense for the dollar invested.

We believe the present environment calls for a greater investment in the defense science and technology budget. Historically, investment in science and technology has enabled us to do more with fewer resources, thereby increasing the productivity of our armed services. This trend will not change in the future; indeed, we will be even more dependent upon our technological prowess in the years ahead.

While the decline of our principal adversaries inspires many to believe that our defense budget may be reduced dramatically, we urge caution lest this optimism be carried too far and leave us vulnerable. We must remember that it was our strength that contributed to the Soviet decline, forcing them to spend from 20% to 25% of their Gross National Product (GNP) on defense. Even with our own recent defense buildup, our FY91 defense budget figure represents only 5% of GNP.

We are also entering a period of great change in the technical capabilities of many nations around the world. While the Soviet Union has had great success in covertly acquiring our technology, improved relations may yield them even greater access to our technology, leading to a modernization of their forces and a closure of the gap between us. In addition, Third World countries are acquiring ever more sophisticated military equipment, adding a new dimension of complexity to the world scene.

We believe the lessening of tensions between our countries is very encouraging and we hope the trend continues. We also believe in prudence and do not encourage the precipitous dismantling of our defenses in a period of rapid change and uncertainty. Finally, we believe in the promise of technological innovation to keep us prepared, economically strong, and a leader in world affairs.

IMPORTANCE OF DEFENSE TECHNOLOGY BASE RESEARCH

Defense research is the building block for many technological advances that strengthen our national security through defense applications, and indirectly by contributing to building a strong economic base for the U.S. For example, composite materials with potential applications for commercial aircraft and automobiles were developed for military use; launch systems which now put commercial satellites into space were originally developed for long-range ballistic missiles; the army operated the first computer in 1945; work started by the Defense Advanced Research Projects Agency (DARPA) contributed heavily to the personal computer industry--the mouse, graphics, compilers; and military contracts spurred the electronics industry that now contributes components to countless commercial products.

The global balance of power is shifting from strength based on military might toward nations with overall superior technological capability. Advancing the technology being explored today to a level suitable for weapons systems applications may take 10 to 15 years. It is often difficult to forecast the eventual military applications of research and technology programs; we are always uncertain about what kinds of threats we will be facing in the future. Nevertheless, we know that if we allow our technology base to lag, we will be unable to counter developing threats, whatever their nature.

TECHNOLOGY BASE FUNDING TRENDS

Funding for the technology base is in constant jeopardy. In fact, the DoD tech base (6.1 and 6.2) investment has lost about 9.5% percent (assuming 4% inflation) between FY89 and FY91, a proportionally larger decline than the corresponding percentage decreases for the overall defense budget. This decline is compounded by the fact that money for R&D does not go as far as it used to: according to Dr. Charles M. Herzfeld, DoD Director of Defense Research and Engineering, the increase in the R&D price index is about twice the increase in the Consumer Price Index (CPI). Therefore, technology-base funding must increase twice as fast as the CPI just to stay even; but tech base funding is still declining. In the FY89 budget, the percentage devoted to the tech base was 9.1% of the total R&D budget; in the FY91 budget it is 8.8%. In 1965 it had been almost 25%.*

We therefore recommend:

o Funding the technology base (research and exploratory development -- 6.1 and 6.2) at $3,560 million. This represents 3% real annual growth (with 4% inflation), which we believe is necessary until the tech base funding level reaches 15% of RDT&E. Although this is significantly lower than the 25% of the mid-1960s, it is a reasonable funding allocation, given the current budget situation.

IMPORTANCE OF TECHNOLOGY DEMONSTRATORS

Technology demonstrators validate technologies that have high risk and high payoff for either civilian or military users. In addition, technology demonstrators help to maintain engineering skills and teams. The process of technology validation can keep the skills of designers and analysts sharpened while permitting manufacturing teams to develop new tooling and processes. The imposition of strict performance requirements on systems and subsystems furthers the maturation process and identifies technical risks early in the development process.

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* SDI research funds are not included in any of these figures.

Because the costs of developing technology demonstrators are so high, it is difficult for corporations to validate high risk, high payoff technologies independently. The federal government, through its technology demonstrator programs, serves as a technology risk underwriter and partially absorbs the cost and risk burdens. Without government funding in this activity, many potential, but unvalidated, technology improvements would not be incorporated into programs by industry.

Nevertheless, one of the principal advantages of technology demonstrators is their relatively low cost when compared to total life-cycle costs of fielded systems. Historically, demonstrators have cost about three percent of the life-cycle cost of a full production program. A technology demonstrator allows early definition of technical risk and enables early identification of a proposed concept's feasibility and desirability at a low cost.

Examples of technology demonstrator programs that led to fully operational weapon systems are the F-16 and the F-18. Developed originally as the YF-16 and the YF-17 for the Lightweight Fighter (LWF) technology demonstrator program, these aircraft were designed and built to demonstrate the ability to meet the requirement for a lightweight, capable fighter aircraft. Though originally designed as demonstrators, these aircraft now serve as frontline fighters.

Additionally, X-aircraft programs demonstrate promising technologies without placing program constraints on the research. Such demonstrator programs are not designed to result in an airplane immediately. For example, the X-29 demonstrated technology in materials and digital electronic control systems. These technologies will be useful for future airplane designs.

Only by building technology demonstrators and exploring applications of the new technologies (6.3A) can the potential utility of the technology for weapons systems be measured. We urge government to continue a vigorous 6.3A technology demonstrator program. Government must continue its responsibility for determining technology feasibility in the defense arena. Industries' shrinking R&D funds constrain their efforts already; for example, aerospace industry investment in R&D declined for the first time ever last year. In this climate, industry cannot afford to bring research to a level of applicability suitable for weapons systems.

We therefore recommend:

o Supporting the Administration's FY91 funding request of $2,122 million for programs at the 6.3A level (excluding SDI) so that technology can be brought to maturity and made available to DoD when it is needed. This level should be adequate to eliminate the historical temptation to "raid" funds from 6.1 and 6.2 budgets to fund advanced technology development programs.

DEVELOPMENT PLANNING

Development planning identifies operational needs and steers development of emerging technologies toward applications to operational capabilities and processes. Currently, advanced development planning is a critically under-funded bridge between technology development and technology applications. It is essential that development planning be recognized as a vital part of the systems acquisition process.

We therefore recommend:

- o Providing greater funding for initial phases of research and development planning, and encouraging early efforts to develop the most efficient, well-planned, and cost-effective research program.

TECHNOLOGY-PRODUCING DOD ACTIVITIES

Certain areas of the defense budget are especially important for strengthening our national security in the years ahead, both economically and militarily, due to their potential contributions to the technology base:

National Aerospace Plane

National Aerospace Plane (NASP) technology development has tremendous potential for enhancing both U.S. competitive economic standing and national security. Critical and supporting technologies have been managed by Air Force and NASA labs, and the NASP Joint Program Office has formed an unprecedented consortium of industry, government, and academia to conduct research on high-temperature materials and share the fruits of that research.

NASP technologies are exceptionally promising for future aerospace operations. The potential of NASP technology development will help to meet the needs of future space vehicles and high-speed aircraft, both civil and military.

We therefore recommend:

- o Strong support of NASP technology development with continued joint management by DoD and NASA and with substantial help from industry to preserve the continuity and integrity of the program.

Advanced Tactical Fighter

The Advanced Tactical Fighter (ATF) program is seeking to develop a next-generation air-superiority fighter, employing low-observable technology to enhance the aircraft's operational success and survivability. The program is leading to the development of common, modular avionics which can be used in the Navy's Advanced Tactical Aircraft program and in other aerospace systems as well. In addition, the Air Force has funded the development of an advanced thrust-vectoring engine called the Advanced Tactical Fighter Engine (ATFE), which promises to offer improved performance and two-dimensional thrust-vectoring nozzles.

The ATF program is valuable both for maintaining a strong technology base and for enhancing conventional force strength throughout the world to offset troop reductions. A Demonstration/Validation (Dem/Val) program funded jointly by the U.S. Air Force and by competing industrial teams includes advanced air vehicle, avionics, materials, and propulsion technologies and will significantly reduce the technical risks before Full-Scale Development (FSD) begins. Although production and eventual deployment decisions for ATF aircraft will be made later by you in government, we remind you that ATF-related technologies will help fulfill future military requirements, and the demonstration and validation of these technologies will further improve technology readiness.

We therefore recommend:

o Developing and flight testing the four YF-22/23 ATF prototypes to the extent necessary for validating the airframe and propulsion technologies.

o Continuing development of the ATF materials, avionics, and systems technology, independently of any production and deployment decisions.

B-2 Advanced Technology Bomber

The B-2 is a significant technology development effort that will lead to a low-observable bomber, and also represents a significant leap forward in computer-aided design and manufacturing. However, we are well aware that procurement of the B-2 is a significant financial and technical investment by the United States, and that procurement decisions belong to those in government. The B-2 program embodies many advanced technologies that have long-term applications. The use of advanced composites, low-observables, advanced digital avionics, and active flight control systems represents current state-of-the-art and can be applied to other future weapons systems.

We therefore recommend:

o Supporting, as a minimum, a full B-2 bomber flight test and demonstration program that allows all vehicle dynamics and systems performance to be tested and evaluated.

V-22 Osprey

The V-22 Osprey program is exploring the flight envelope in the transitional stages from horizontal to vertical flight. The V-22 is also unique in its near-total reliance on composite materials. In addition to their significant and well-recognized implications to future tactical defense capability, the V-22 technology and knowledge base could revolutionize the civil short-haul aviation industry and significantly reduce airport congestion. Hence we believe that pressures to terminate this program from solely financial considerations should be resisted, and that program decisions should be made on the basis of potential national -- military, civil, and economic -- benefits. We therefore recommend:

o Continued support for finishing the V-22 Osprey demonstration program so that we have the capability to apply the technologies in future systems.

Advanced Launch System and Technologies

Our nation's access to space relies in large part on launch vehicles of the 1950s and 1960s. Today's launch vehicles, while generally supportive of our near-term needs, are relatively expensive to operate and do not provide the level of responsiveness we desire for the future.

The purpose of the Advanced Launch System (ALS) program is to develop concepts and technologies aimed at providing more affordable, responsive, reliable, and flexible access to space across a wide range of payloads. Moreover, as with the V-22, there are significant civil and commercial launch requirements which would be well served by the objectives of the ALS program. For instance, the ALS family of vehicles could be the basic core to fulfill space transportation needs for the Space Exploration

Initiative (SEI), which DoD will be participating in with NASA in the future. Hence we believe Congress should recognize the overall national requirement for this system, and base its funding decisions on those needs as well as on national security missions. Looking beyond the ALS, there is an urgent need to continue to develop a propulsion technology base in advance of requirements for current programs.

We therefore recommend:

- Continuing pursuit of ALS technology to satisfy U.S. space launch needs over a wide range of payloads reliably and cost-effectively, and thereby maintaining the U.S. position as a competitive and reliable supplier of space launch services.

- Strengthening the propulsion R&D base program to include technologies applicable to post-ALS launch systems.

Small Satellites

Small satellite programs, such as the DARPA LIGHTSAT program, are developing smaller, low-cost satellite systems. These satellites offer opportunities for performing high-risk experiments, conducting engineering development and testing of satellite systems, training young engineers and scientists, and carrying out a number of military applications.

Many military space missions demand sophisticated satellites. These are necessarily costly, few in number, and present potentially tempting high-value targets in time of war. Smaller, less sophisticated satellites (TACSATS) could provide added flexibility and survivability, conceivably at lower cost, because they allow a greater proliferation of on-orbit assets and because new satellites can be launched in time of conflict, rapidly restoring minimum military operations.

Potential military applications for smaller satellites include communications, remote imaging, intelligence gathering, and data relay for oceanographic and weather buoys. Reconnaissance TACSATS could also augment airborne systems. TACSATS could be launched from mobile, survivable launchers, including aircraft, and could become operational shortly after launch.

In this era of constrained budgets, smaller, lower-cost satellite systems are attractive because they do not require major technical breakthroughs or large expenditures of funds. The military would also benefit from the development of a smaller, responsive launcher. Funding for small satellites and their support systems is sporadic at best and often consists of whatever is left after major programs have been funded. Small satellites may offer benefits to the nation's space endeavors that far exceed their costs.

We therefore recommend:

- Developing TACSATS, along with commensurate launch and support systems with a steady level of support.

Critical Technology Plan

The Department of Defense has identified twenty "critical" technologies in its Critical Technology Plan.

While the immediate commercial payoff of a particular technology may appear to be only marginal, the national security payoff often makes the research risk acceptable. For example, the U.S. once led the globe in structures and materials technology. Now our world leadership in composite materials is rapidly declining. In November 1989, DoD and industry officials identified other nations' composites technology as the largest foreign threat to the United States' aerospace industry. Foreign efforts in this technology are advancing so substantially that within five years "the composites manufacturing and machining advances developed for the B-2 and Advanced Tactical Fighter could be matched [overseas]," say DoD and industry experts.

We urge Congress to create an environment that encourages industry to pursue these critical technologies. The Critical Technology Plan can be used to bring them to maturity and make them available to DoD when necessary. Relaxing government regulations is especially important for encouraging high-risk R&D activities and encourages joint DoD/industry participation in R&D.

We therefore recommend:

- o Using the Critical Technology Plan to start developing a balanced, long-term national technology program. The annual critical technologies list could be used with other critical technology plans to assist funding decisions.

University Research Initiative

The United States educational system is producing fewer scientists and engineers each year; current estimates say we will have at least 500,000 fewer than we need by the year 2010. This shortage threatens our future ability to compete technologically.

University laboratories perform a substantial portion of the basic and applied research conducted in the United States, including much work on what the Pentagon labels "critical technologies." In FY88, universities conducted approximately 20% of technology-base research -- basic research, applied research, and exploratory technology development. The DoD funds only about 8% of total university research funding yet has access to most of it. In light of this, the Defense Department has contributed funds to create university "centers of learning excellence" in selected disciplines to promote basic research in superior universities. This program is an essential part of the technology base.

We applaud DoD's funding of these "centers of learning excellence" under the University Research Initiative, and encourage a greater investment in this segment of our technology base. The centers provide an opportunity for hands-on experience, using the latest in tools and equipment, while encouraging students to pursue scientific disciplines. Such a program has a double payoff to the nation: the universities conduct valuable basic research while simultaneously training future technical talent, thus ensuring a future supply of scientists and engineers.

We therefore recommend:

- o Fully supporting the $98 million proposed by the Administration for funding the University Research Initiative and encouraging broader participation in the program.

Independent Research and Development

Independent Research & Development (IR&D) performed by industry fosters the pursuit of new ideas, is a valuable source of innovation, and helps to preserve technological leadership and competitiveness in industry. For example, while the DoD was funding the development of composite jet engine turbine blades, General Electric and Pratt & Whitney developed on their own the superior single-crystal turbine blade that is now used in the most advanced jet engines.

IR&D is not directly funded by government. It is paid for by contractors and allocated proportionally to all customers, including the government, as part of overhead costs; but the government imposes a ceiling limiting the amount of IR&D costs allocable in contract pricing. IR&D is essential for a company to remain viable in the defense industry. That same need to be competitive within industry also is a natural restraint to ensure that companies do not overspend on IR&D. Current IR&D rules increase the financial burden on companies by not allowing them full government reimbursement for their defense-related IR&D expenditures. Before Public Law 91-441, which controls IR&D and Bid and Proposal (B&P) funds, was passed in 1971, the government recognized IR&D as a legitimate cost of doing business and reimbursed 100% of allocable costs. As recently as the 1970s, allocable IR&D costs were reimbursed at rates as high as 85%. IR&D reimbursement has currently plateaued around 70%.

As a result, industry is subsidizing government to provide the most technologically advanced products. It can no longer afford to do so, and is thus losing its technological leadership. A survey of ten aerospace firms' company-sponsored R&D expenditures found that the companies spent 23% more on R&D than was negotiated for reimbursement through indirect costs on government contracts. Of the $4.36 billion spent on R&D by the ten companies in 1988, $2.15 billion came from indirect costs in government contracts, leaving $2.22 billion that was covered by profit or other cash resources of the companies. The aerospace industry, which is currently experiencing a financially difficult period, cannot continue to invest such large amounts in R&D unless a number of government policy changes are made, including eliminating or significantly increasing government ceilings on cost-reimbursed R&D.

IR&D reimbursement by government used to be allowed to the extent that it was determined reasonable and allocable. The cost of research was allocated to all work of a contractor, and the cost of development was allocated to the product line to which it applied. The Government Procurement Commission recommended that government: "Recognize in cost allowability principles that IR&D and B&P expenditures are in the Nation's best interests to promote competition (both domestically and internationally), to advance technology, and to foster economic growth. Establish a policy recognizing IR&D and B&P efforts as necessary costs of doing business."

We therefore recommend:

- o Allowing companies to allocate to government their full share of actual IR&D costs for reimbursement without a ceiling limitation. We urge that IR&D be recognized as a legitimate cost of doing business, and that the administrative and review processes be streamlined to maximize the results of IR&D efforts.

DEFENSE UNEMPLOYMENT

A final matter of great importance to us is the job displacement of engineers and scientists that will result from reductions in defense spending. These people are among the most skilled and talented in the nation, and they have spent their working lives creating the nation's most advanced equipment for the defense of our country and the free world. Every effort must be made by the federal government to find new jobs for them in civil industry. Such an effort not only represents a just return for the service they have provided but is also the wisest investment policy for the nation's economy.

After the Viet Nam war you heard many stories of PhDs who had worked in the aerospace industry and were driving taxicabs when they could find no other work. These stories are not fiction -- many of these people were our members. We now hear many political and industrial leaders state that our national defense should be defined more broadly, encompassing protection not only against physical threats but against economic threats as well. We owe it to our displaced defense workers to find useful work for them in the civil economy. On a broader scale, we should also create a new climate for civil industrial activity in order to remain economically and technologically competitive with the rest of the world.

We therefore recommend:

o Assisting engineers and scientists who are unemployed as a result of defense cuts by providing funds for job counselling, job banks, and re-training.

o Taking steps to create a positive climate for civil industrial activity, including assisting the defense industry in converting to civil applications.

CONCLUSION

We thank you for the opportunity to discuss our views on the FY91 Department of Defense budget proposal and the critical issue of the defense technology base with you this morning. During this time of re-examination of United States defense spending, we want to emphasize the importance of taking a long-term view of national security obligations and future threats. Essential to this long-term view is increasing funding for the technology base. We must also follow through on tech base research by taking technologies through the technology demonstrator phase so that the military applicability of technologies can be measured for incorporation into future weapon systems. Taking these steps with technology programs such as those we discussed this morning will help to maintain the vanguard position of our defense technology.

QUESTION SUBMITTED TO JERRY GREY BY SENATOR BUMPERS

June 14, 1990

Senate Appropriations Committee
Subcommittee on Defense Appropriations
United States Senate
Washington, DC 20510

Gentlemen:

With reference to your letter of May 29, 1990 concerning my testimony before the Subcommittee on May 24, 1990, here are my answers to Senator Bumpers' questions:

(1) **Technology Base Funding**. QUESTION: You state that the Defense Department's investment in technology base funding has declined substantially since the mid-1960s. Why has the Pentagon done this? If given the choice between funding tech base and funding demonstrator technology, to which would you give higher priority?

ANSWER: We can't, of course, tell you what Pentagon officials were thinking when they allowed technology-base funding to decline. We do know, however, that in the early 1980s in particular there was tremendous motivation to get weapon systems into the operational phase as soon as possible. Hence funding for development, engineering, and testing of these systems grew fourfold during those years (more than doubling in constant-dollar investment), and now represents over 90% of all defense R&D spending. The Office of Technology Assessment suggests that large development programs such as ATF tend to drain tech-base funds, and, moreover, there is danger that the increased emphasis on prototyping of new systems will be funded out of tech-base resources rather than with new money. We believe that such pressures should be resisted.

We do not accept the premise that there is an "either-or" choice between tech-base (6.1 and 6.2) funding and technology-demonstrator (6.3A) funding; the nation needs both. As we have pointed out in our testimony, demonstrators are cost-effective: they amount to scarcely 3% of the life-cycle costs of fielded systems. We have suggested that 6.3A funding (not including SDI, which we address later) be budgeted at about 60% of 6.1 + 6.2 funding. It would seem appropriate to maintain that ratio at whatever level of funding is finally budgeted, rather than attempting to readjust priorities.

(2) **Defense Advanced Research Projects Agency**. QUESTION: What is your opinion of the issues surrounding the firing of the head of DARPA recently? Do you believe that DARPA should play a larger role in civil-oriented R&D? If so, what should we be doing to facilitate that? If not, do you believe there should be a counterpart to DARPA elsewhere in the government to accomplish this mission?

ANSWER: The AIAA has not taken a position on the change in leadership at DARPA. We do, however, believe that there is a strong and legitimate role for the Defense Department in the support and encouragement of certain technologies, many of which have civil as well as military significance, and that DARPA has been extremely effective in fulfiliing that role. The underlying rationale for such Defense Dept. support is that today civil technologies are often more advanced than comparable military ones, which was not the case in the past. Moreover, by nourishing the growth of a technologically strong industry, the DOD serves its own ends by being able to draw upon that industry for advanced-technology weapons and other systems.

DARPA's function in this role has been extremely valuable to the DOD. By anticipating future DOD needs and creating the industrial capability to meet them, DARPA has also served to strengthen U.S. industry and its competitiveness, which is also an important element in national security. Past DARPA-inspired developments in the computer industry alone include interactive displays, graphics, the "mouse," languages and compilers, expert systems and artificial intelligence, parallel processing, and computer networks (e.g., ARPAnet and Internet).

In direct response to your question, therefore, this record, as well as the urgent need to support new U.S. technology advancement in today's highly competitive marketplace, calls for expanding rather than contracting DARPA's activities in this area. True, a "civilian DARPA" has been proposed to perform this role, but since DARPA does it so well, why "fix it when it ain't broke?"

(3) **Strategic Defense Initiative.** QUESTION: Even within the aerospace community SDI is a very controversial program. I notice you make virtually no mention of it in your statement. Does AIAA support deployment of SDI? What is your opinion of funding SDI vs. greater funding for other R&D areas that you do single out in your statement? If you could, would you move R&D dollars out of SDI and into these programs? If so, what level of SDI funding would be appropriate?

ANSWER: In March 1989 the AIAA published the results of its year-long assessment of SDI technologies. Our assessment "neither advocates nor opposes [SDI] deployment. Should a future decision be made to deploy a Strategic Defense System, resolution of the technical issues discussed in our assessment would permit such a system to be fielded."

We have not taken a position on the proper level of funding for SDI, although we definitely do support the need for this activity. Our primary concern here, as noted in our answer to Question No. 1, is that the tech base budget (6.1 and 6.2) not be "raided" to support SDI or, for that matter, any other advanced development program.

Thank you for this opportunity to present our views. Please let me know if you have any further questions or would like additional information.

Sincerely,

Jerry Grey /kp

Jerry Grey, Director
Science and Technology Policy

INSTITUTE OF ELECTRICAL AND ELECTRONICS ENGINEERS—UNITED STATES ACTIVITIES

STATEMENT OF PAUL L. HAZAN, CHAIRMAN, DEFENSE R&D POLICY COMMITTEE, INSTITUTE OF ELECTRICAL AND ELECTRONICS ENGINEERS—UNITED STATES ACTIVITIES

Senator INOUYE. Our next witness is the chairman of the Defense R&D Policy Committee of the Institute of Electrical and Electronics Engineers, Mr. Paul L. Hazan.

Mr. Hazan.

Mr. HAZAN. Thank you, Mr. Chairman.

Mr. Chairman, ladies and gentlemen, I appreciate the opportunity to appear before you today on behalf of the Institute of Electrical and Electronics Engineers—United States Activities, or IEEE-USA.

The IEEE is the world's largest technical professional society, with over 240,000 members in the United States. alone.

DUAL-USE TECHNOLOGIES

In my testimony today, I would like to present the IEEE-USA's views on the growing importance of dual-use technologies to the national security and economic competitiveness of the United States.

Now, by "dual-use technologies," I am referring, Mr. Chairman, to technologies which are vital both to insure that U.S. defense systems are second to none and to enhance the competitiveness of U.S. industry.

As you know, Mr. Chairman, U.S. defense doctrine is based on the force multiplier concept, which, in turn, relies on advanced technology to offset the superior numbers of potential adversaries.

Now, DOD is no longer the dominant customer it once was and is, therefore, unable to drive product specifications in many critical technologies it requires; for example, nuclear radiation hardening of electronic circuit chips.

Many DOD requirements and systems depend on the same basic technology used in commercial and consumer equipment, especially in electronic devices, computer hardware and software, including supercomputers, peripherals, materials, and manufacturing technology.

Leadership in several of these commercially driven, yet critical to defense, technologies needed by the DOD is migrating, and, in several cases, already resides overseas. Furthermore, this loss of U.S. technological leadership is increasing. Overseas sources of critical products may not be dependable in time of crisis. Dependence on foreign-produced items may also be used as adverse political leverage in future negotiations with foreign governments.

Our conclusion, Mr. Chairman, is that a cost-effective national defense capability is inextricably linked to U.S. technological leadership, industrial competitiveness, and a healthy economic base.

The rapidly changing global environment, with the increasing emphasis on industrial and commercial competition and the concurrent imperative to get the maximum payoff from our defense expenditures, underscore the importance of dual-use technologies.

To successfully foster the development of dual-use technologies within the United States, we need to: first, encourage and expand our investment to broaden and strengthen our technology base; second, to encourage and facilitate the transfer of military technology into competitively priced, high-quality commercial products by U.S. manufacturers, and vice versa; that is, a so-called spinoff, the spinoffs from military to commercial, and the spin-ons from commercial technology to defense applications also; and, third, to develop increasing numbers of qualified, young, U.S. scientists, engineers, and skilled technicians.

RECOMMENDED POLICY ACTIONS

Achievement of these objectives will assure continued availability of the advanced technologies to meet DOD needs. To accomplish these objectives, the IEEE-USA recommends a number of policy actions or reviews.

First, Congress should consider increasing and making permanent the tax credit for R&D investment, to encourage greater risk taking, entrepreneurial enterprise, and long-range planning.

Second, Congress and the administration should undertake several initiatives to develop our human resource base and promote research in science and engineering. This should include: providing incentives to encourage larger numbers of qualified U.S. students to continue with their graduate studies. We are proposing a national defense scholarship program, which, for a relatively modest investment, would double the number of Ph.D. graduates in electrical engineering.

Third, there is a need to stimulate interaction among universities, industries, government, and research laboratories to promote joint awareness of critical and dual-use technology issues, encourage technology transfer, and to guide curricula and research focus.

Fourth, manufacturing technology is one specific area that requires increased R&D funding due to its critical relevance to dual-use issues. World class production capacity, including flexible manufacturing capabilities for cost-effective, short production runs should be viewed as key components in the national technological arsenal.

This is vital to the global competitiveness of U.S. industry and to an optimized defense capability.

I have highlighted here the views of the IEEE regarding the critical area of dual-use technology and its impact on both an enhanced defense capability and a strong competitive industrial base.

Our recommendations then include initiatives and suggestions to: increase and improve our human resource base; increase R&D tax incentives and investment recovery; synergize industry, government, university, and national laboratories R&D; and achieve world class capability in manufacturing technology.

This concludes my prepared statement, Mr. Chairman. Thank you for the opportunity to appear before you today.

I will be happy to answer any questions that you may have.

DUAL-USE TECHNOLOGY

Senator **Inouye**. Is the dual-use technology being employed in any other country, or is there a model for that at this time that we can study?

Mr. **Hazan**. Well, the Soviets are not using it, of course. We are talking about dual use between defense and commercial, and vice versa.

Senator **Inouye**. Yes.

Mr. **Hazan**. What is becoming clear, though, is that a lot of our defense systems do now require these spin-ons from the commercial field. We see it every day. So, as a practical matter, it is occurring to us now.

Senator **Inouye**. So you want to enhance that process?

Mr. **Hazan**. Yes, sir; and we want to make sure that we have the capability in this country to have this technology that we need for defense. It is the same technology, in many cases, as is required for the industrial base, the commercial base.

Senator **Inouye**. Well, we will look at the enhancement of the human resource base. I think this committee can do that.

Mr. **Hazan**. We appreciate that very much.

Senator **Inouye**. Thank you, sir.

Mr. **Hazan**. Thank you, Mr. Chairman.

[The statement follows:]

STATEMENT OF PAUL L. HAZAN

Mr. Chairman, Members of the Subcommittee, my name is Paul Hazan, and I appear before you today as Chairman of the Defense Research and Development Policy Committee of the Institute of Electrical and Electronics Engineers-United States Activities (IEEE-USA). The IEEE is the world's largest technical professional society, with nearly 240,000 members in the United States alone. The Defense R&D Policy Committee was formed to develop and voice the IEEE-USA's views on the research and development programs and policies of the Department of Defense. In my testimony today, I would like to present the IEEE-USA's views on the growing importance of dual use technologies to the national security and economic competitiveness of the United States.

The U.S. Department of Defense (DoD) increasingly utilizes commercial products and processes to satisfy military needs.[1] This utilitization creates several real and potential problems for the DoD in meeting its special performance and logistical needs in a cost-effective manner (an issue of growing importance as the DoD budget decreases in real terms). Among these problems are:

- suppliers of critical DoD products and services are increasingly found overseas and may not be dependable in time of crisis;[2]
- DoD is no longer the dominant customer it once was and is increasingly less able to dictate product specifications. (e.g., nuclear radiation hardening of electronic circuit chips); and
- the short, commercial life cycles of some product elements, particularly electronic devices, reduces the long term availability of these elements to support DoD logistical requirements.

DoD's growing dependence on foreign sources is due, at least partially, to the loss of U.S. technological competitiveness in the international marketplace. Moreover, the trends indicate that the situation will worsen unless policies are enacted to assist U.S.-based industry in regenerating a viable business base in the manufacture and sale of dual use commercial products and processes such as DRAM's, semiconductor processing machines, numerically-controlled machines, computer chips and floppy-disk drives. These policies are need to encourage and stimulate the development of U.S. technology in dual use areas and to encourage and stimulate the transfer of technology into commercial applications having a broad and economically self-sustaining consumer base.

BACKGROUND

The problem discussed above results from a myriad of causes. These causes and their interrelationships are discussed in the Office of Technology Assessment's April 1989 report entitled Holding the Edge - Maintaining the Defense Technology Base wherein a number of options for congressional consideration are also presented.

Among the causes of lagging U.S. competitiveness are:

- the short range investment policy of U.S. industry (probably a result of both the short term view and consumption characteristic of our current culture as well as tax policies that favor short-range investments);
- the historical U.S. policy of minimal federal participation in commercial trade and industry under the U.S. laissez-faire approach to commerce (probably unique among the industrialized countries of the world)[3], and
- a widening gap between required workforce skills and the labor base capabilities being provided by a deficient U.S. educational system.[4]

The DoD problems might not arise in spite of the above if it were not for the fact that much of DoD equipment depends upon the same basic technology used in commercial/consumer equipment, particularly in such areas as electronic devices, computer hardware and software (including supercomputers), materials, and manufacturing technology. Yet the market place in those areas is commercially driven (i.e., the DoD is not a large enough buyer of these commodities to maintain a competitive, DoD unique industry) and much of the relevant manufacturing of these products is foreign owned and/or based.

The seriousness of this DoD issue is compounded by three related issues:

- DoD has special environmental and performance requirements for some of its equipment which either must be wiaved to use commercial products or a premium paid to incorporate special DoD features;
- dependence upon foreign produced items can be used as adverse political leverage in future U.S. negotiations with foreign governments;[5] and
- many U.S. firms that currently support both commercial and DoD needs are withdrawing from the DoD market due to the difficult and complex procurement procedures and increasingly stringent legal requirements.[6]

RECOMMENDATIONS

To successfully foster the development of dual use technology within the U.S., we must:

- encourage and expand our investment to broaden our technology base;
- encourage and enhance the transfer of military technology into competitively priced, high quality commercial products by U.S. manufacturers; and
- develop increasing numbers of qualified young U.S. scientists, engineers and highly skilled technicians.

Achievement of these objectives will assure continued availability of advanced technology for DoD applications. To accomplish these objectives, the IEEE-USA recommends a number of policy actions or reviews:

First, Congress should increase and make permanent the tax credit for R&D investment to encourage greater risk taking, entrepreneurial enterprise and long-range planning.

Second, Congress should create a companion tax credit carry-forward of R&D investment to be written off against profits or licensing fees made from the sale of products which incorporate the technology developed under R&D efforts. Such a carry-forward credit should go far toward encouraging the utilization (i.e. transfer) of DoD and industrial technology into useful consumer products.

Third, Congress and the administration should undertake several initiatives to develop ~~the~~ human resource base and promote research in science and engineering:

- assure that requirements for government grants to universities stress educational standards and staff expertise and excellence to regain our educational preeminence;
- provide incentives to encourage larger numbers of qualified U.S. students to continue with their graduate studies (e.g., limited, post-graduation income tax deferrals);

- identify a larger share of DoD and federal research dollars for university research efforts, with some of the appropriated DoD funds earmarked for scholarships to encourage U.S. citizens to pursue graduate studies;

- tie university research grants to efforts in technologies identified as critical (such as the DoD Critical Technologies List); and

- stimulate interaction among university staff, industry and government research laboratories to promote joint awareness of critical technology issues and to influence curricula and laboratory research focus.

These actions will help to maintain and preserve the U.S. lead in basic science and engineering.

Another important aspect of this issue is the DoD's need for U.S. citizens to work on national security programs with high technology content. Expansion of a trained U.S. labor force will go far to satisfy this need and assure the availability of the necessary talent that DoD requires. Relevant to this need is the IEEE-USA's proposal for funding of National Defense Scholarships. We propose that the government annually provide full time, 3-year doctoral scholarships to approximately 500 qualified candidates. Qualifications for the scholarships would specify that each candidate meet requirements for full time employment in a classified national defense industry and that each candidate demonstrate a special interest in pursuing such work. This proposal would provide incentives at the national level to aid and encourage highly qualified U.S. engineers with experience or interest in national defense R&D to pursue graduate engineering study with full time vigor.

Fourth, manufacturing technology is one specific area that requires increased research funding due to its extreme relevance to the dual use problem. Manufacturing technologies must be well-positioned to assume the lead role as critical parts of any dual use technology effort. They provide the "enabling function" for the modernization of our factories and the foundation of our industry's achievement of world-class status. Manufacturing technology transitions R&D activities onto the production floor and enables the production of products with improved performance, on schedule, and at a competitive cost.

Manufacturing technology should be viewed as a key component in the national technology arsenal, a major force which improves the U.S. industrial base and leads to strengthened global competitiveness. As the next century approaches, the U.S. must recognize that world class manufacturing is critical and that manufacturing technologies must receive increased emphasis. As such, funding mechanisms in this area must allow for increased recovery of industrial investments since much of the research talent in this technology is industrial (rather than university) based.

ADDITIONAL CONCERNS

Finally, the IEEE-USA is concerned about two closely related and highly relevant issues whose complexity obviates any specific, concise recommendations at this time. However, we offer the collective resources of the IEEE-USA to assist in defining options and evaluating the related pro's and con's associated with these issues so that timely, cogent and effective governmental actions and policies can be determined and implemented.

- To develop effective federal policies for achieving a broader and more stable U.S. base of dual use technology, especially in the currently expanding multinational industrial world, consideration should be given to the distinction between "U.S.-based" industry versus "U.S.-owned" industry. In our view, both ownership and location are very important; their relevance to a solution to the dual use problem, individually and collectively, must be addressed and incorporated as appropriate into government policy.

- A skilled, educated, capable and U.S.-based labor force is a priority requirement for the U.S. to retain/regain its industrial leadership. We cannot create the technology, transfer it effectively or manufacture marketable products without such labor skills. Conversely, with such a labor base, technology and manufacturing will gravitate to the U.S. The basis for this labor pool is a sound and effective educational system, starting with the grade and secondary schools and continuing through graduate and post graduate university education. A specific recommendation has been made in this testimony to establish a National Defense Scholarship program to annually sponsor 500 U.S. doctoral students. Special initiatives by the defense community may be helpful in stimulating interest in science and technology at the high school level. These might include mentor programs, seminars, and summer employment opportunitites by the DoD laboratories. We encourage and solicit continued congressional efforts to improve the educational system which has lapsed into a state of disrepair, as has been abundantly documented in recent months.

This concludes my prepared statement. Thank you again for the opportunity to appear before you today. I will be happy to answer any questions you may have.

REFERENCES

[1] Senator Bingaman (D-N.M.), Chairman of the Defense Industry and Technology Subcommittee of the Senate Armed Services Committee noted in a recent article that of the 22 DoD Critical Technologies, "...more than half...have military and civilian applications." Signal (February 1990).

[2] "Many vital U.S. weapons are produced with foreign components...The Defense Science Board noted the Maverick, Sidewinder, Sparrow and ...(TOW missiles)... as prime examples." Signal (March 1990), p. 13. The same article noted a Joint Logistics Commander's report which reviewed thirteen U.S. defense systems and found foreign source dependencies in eight with severe production cutoff problems in six.

[3] Note, for example, a recent quote by John Gibbons, Director, Office of Technology Assessment: "Almost alone among...developed country governments, the United States government continues to profess the belief that market mechanisms alone can identify and adequately support promising industries or technologies, with no need for any government contribution."

[4] See, for example, the study America's Next Crisis: The Shortfall in Technical Manpower (September 1989) published by the Aerospace Education Foundation.

[5] See, for example, a recent Japanese book entitled The Japan That Can Say No, written by Akio Morita, Chairman of the Sony Corporation, and Shintaro Ishihara, a novelist who has served in the Japanese Diet for 21 years, wherein it is noted that Japan could change the balance of military power by selling its electronic chips to the USSR instead of the U.S.

[6] General John Whickham, Jr., USA (Ret.) reports that "...contractors are leaving the defense industry in droves. In 1982, more than 138,000 firms provided products to the Department of Defense (DOD), but the number shrank to less than 40,000 by 1987." Signal (February 1990) Prudential Bache has reported that more than 30 large defense electronics firms (with revenues in excess of $30 million) have been sold since 1987, several to non-U.S. buyers; and that, as of October 1989, at least 16 other were on the market.

ASSOCIATION OF AMERICAN UNIVERSITIES, THE ASSOCIATION OF GRADUATE SCHOOLS, THE COUNCIL OF GRADUATE SCHOOLS, AND THE NATIONAL ASSOCIATION OF STATE UNIVERSITIES AND LAND-GRANT COLLEGES

STATEMENTS OF:

JOHN C. CROWLEY, VICE PRESIDENT, ASSOCIATION OF AMERICAN UNIVERSITIES

DR. PAUL G. HURAY, SENIOR VICE PRESIDENT FOR RESEARCH, UNIVERSITY OF SOUTH CAROLINA, ON BEHALF OF THE ASSOCIATION OF AMERICAN UNIVERSITIES, ASSOCIATION OF GRADUATE SCHOOLS, COUNCIL OF GRADUATE SCHOOLS, AND THE NATIONAL ASSOCIATION OF STATE UNIVERSITIES AND LAND-GRANT COLLEGES

Senator INOUYE. For our next witness we have two witnesses. First is the vice president of the Association of American Universities, Mr. John C. Crowley; and the senior vice president for research at the University of South Carolina, representing the National Association of State Universities and Land-Grant Colleges, Dr. Paul G. Huray.

Dr. HURAY. Thank you, Chairman Inouye. I trust you have our written remarks.

Senator INOUYE. Yes; and all of your prepared statements have been made a part of the record.

Dr. HURAY. Thank you. I will shorten my remarks, then, and will cover their essence.

As you said, I am senior vice president for research at the University of South Carolina. But today I am presenting testimony on behalf of the Association of American Universities, the Association of Graduate Schools, the Council of Graduate Schools, and the National Association of State Universities and Land-Grant Colleges.

NATIONAL DEFENSE AND EDUCATION ACT

Mr. Chairman, I want to begin today by thanking the Congress for a previous program, the National Defense and Education Act, called NDEA, which provided me personally with a fellowship to attend graduate school between 1964 and 1968.

That program had an enormous impact upon engineering and science education in the United States.

As you know, career decisions are often made by students and young faculty, based upon very pragmatic choices, such as the availability of scholarship and research support in specific disciplines.

I am going to present some statistics today which support those arguments, but I would like to remind you that very personal decisions, often lifetime decisions, are made based upon the choices for spending in 6.1 and 6.2 research for the DOD. Certainly that was my case.

In summary, I am going to talk about three things. I am going to talk about the technology base investment, the DOD role in supplying future scientists and engineers, and, finally, I want to comment on the DOD role in academic research facilities.

TECHNOLOGY BASE INVESTMENTS

First, let me begin with the base investments, the technology base investments.

During the 1980's, the DOD RDT&E, the research, development, testing, and evaluation, budget grew significantly in DOD. But, unfortunately, the technology base programs did not participate in that buildup.

In a new era of defense retrenchment, we believe we would commit a serious error if we cut these essential long-range investments. Instead, we believe we ought to sustain and strengthen them.

In economic terms alone, research is a sound investment. For example, studies by Dr. Edwin Mansfield at the University of Pennsylvania conservatively estimate that our annual rate of return on Federal research investment is 28 percent. Certainly I would choose to invest my own resources in a fund that returned a compound rate of interest of 28 percent.

The U.S. Department of Labor estimates that technological innovation, which, of course, flows from basic research and graduates of our universities, accounts for more than one-half of our increased productivity.

Our record as a world leader in basic research and graduate education is rooted in decisions made more than 40 years ago by the Congress to link together our university science and our engineering programs with our basic research. Other nations continue to look at our universities as models of how to do it right, and as they enter the modern, technological world, they are learning to imitate us.

DOD now accounts for about 10 percent of the Federal support for research performed at universities and colleges. However, it accounts for 49 percent of all Federal support in mathematics and computer sciences; 42 percent of support for engineering; and 21 percent of support for environmental sciences at universities and colleges.

Universities now account for nearly 60 percent of the total 6.1 obligations. This is up from about 50 percent in the middle and late 1970's.

But we are increasingly concerned that the 6.1 research programs are being steadily eroded. In real terms, despite gains achieved between 1976 and 1986, 6.1 research funds are about 40 percent below their level of the mid-1960's. Since 1986, 6.1 funding has steadily declined.

Exploratory development, or 6.2 funding, has similarly declined. As an example, last year, between fiscal year 1989 and fiscal year 1990, there was a 3-percent reduction in basic research, or 6.1. That is real dollars, not taking inflation into account. Applied research, 6.2, declined by 5 percent, and, unfortunately, universities took the brunt of that. We declined by 6 percent in our funding.

This year's request is for 6.1 research to be increased by 6 percent and 6.2 by 3 percent, and universities should remain stable with their funding, if appropriated as requested.

EDUCATION AND HUMAN RESOURCES PROGRAMS

Next I would like to turn to education and human resources programs.

DOD currently employs 126,000 scientists, engineers, and technicians, and that comprises 2.8 percent of the total science and engineering work force of our Nation.

Approximately 13 percent of all the Nation's scientists and engineers are directly employed by DOD or are affected by DOD contracts. Although DOD, as I said, accounts for 49 percent of Federal support in math and computer sciences, 42 percent in engineering, and 21 percent in environmental sciences, the Department accounts for only 8,000, or less than one-third of 1 percent, of graduate fellowships in science and engineering.

If you compare that to NSF, NSF accounts for 10 percent of those fellowships and NASA for 5 percent.

We believe the Department's commitment to attracting U.S. students into graduate programs in science and engineering has not kept pace with its expanding reliance on universities to carry out its research programs. By the year 2020, an estimated 70 percent of our work force will be women and minorities. Both groups are seriously underrepresented in science and engineering, and we are losing ground.

In 1988, only 231 black citizens, U.S. citizens, earned Ph.D.'s in science and engineering. That is 47 fewer than 10 years ago. Blacks and Hispanics comprise about 20 percent of the population but earn less than 2 percent of the doctoral degrees in physical science and engineering. That is, they are off by an order of magnitude.

Women account for only 6 percent of engineering Ph.D.'s awarded, and women comprise only 13 percent of the science and engineering work force. The good news is that that is up from 11 percent in 1980. But blacks comprise only 2.2 percent.

The United States is also failing to attract our best students into graduate programs, as the last person testified. And we are coming to rely more upon foreign sources for our Ph.D.'s for the overall technical work force.

In 1970, 85 percent of all doctorates earned in the United States were by U.S. nationals. But in just 15 years, that number has dropped to 70 percent. In the physical sciences, it is worse. It dropped from 82 percent 15 years ago to 62 percent today, and in engineering, of course, it is a disaster. Fifteen years ago, 73 percent were U.S. nationals; today it is 41 percent. Fifty-nine percent of all engineers are coming across our borders to obtain Ph.D.'s.

Since 1963, the fraction of our population engaged in science and engineering has remained approximately constant. The corresponding proportion has tripled in Japan and West Germany.

The United States trails France, West Germany, Japan, and the United Kingdom in the percentage of students selecting engineering as their first degree, and we are behind all but Japan in the percentage of students selecting the natural sciences.

Of course, given the relative performance of our children in math and science, we should not be surprised by these figures.

Unfortunately, the college-age population, the 18- to 24-year-old group of Americans, is declining, and shortly after the year 2000, this pool of talent will have dropped by 25 percent. Within a few years, we must replace about one-half of our elementary and secondary teachers and our college and university faculties in science and engineering. Serious faculty shortages in many fields of science and engineering are already upon us, and they appear certain to grow worse by the middecade. Our choice will have to be to employ foreign graduates in our classrooms.

ACADEMIC RESEARCH FACILITIES

Finally, I want to comment on academic research facilities.

During the 1950's and 1960's, the Federal Government was a major partner in establishing quality research facilities at our universities. But for more than 20 years, we have been without a Federal facility investment policy. In September of 1988, a report to Congress entitled, "Scientific and Engineering Research Facilities at Universities and Colleges: 1988," the NSF noted that for every $1 the universities were spending on repair and maintenance, they were deferring $3.60, and for every $1 they spent on new construction, they were deferring $2.50.

A report by the National Association of College and University Business Officers estimates that the urgent facilities needed at the 104 leading research universities totals $7.2 billion. That is the lowest number that I could find, by the way. Some estimates go as high as $20 billion.

Since these reports appeared, nothing has happened to improve the situation, and, frankly, we believe it is worsening.

At the moment, the congressionally initiated NSF Academic Facilities Research Facilities Modernization Program is the only organized competitive program in any Federal research agency. Through competitive awards, it will leverage scarce Federal funds by requiring matching funds from non-Federal sources.

The fiscal year 1991 budget proposed only $20 million for this program, which is in its second year, and it is only 10 percent of the amount that was authorized. But, even if it were funded at the fully authorized level, NSF alone cannot carry the entire Federal burden. We believe that other agencies, including the Department of Defense, should play a role through their own direct matching grant programs.

In conclusion, Mr. Chairman, I recognize that many of the figures I have given you are pessimistic. Because they mostly pertain to relative trends, I would be in error not to recognize that U.S. basic research in education is, without question, the best in the world. Fortunately, you have before you in the form of the fiscal year 1991 budget a prescription for how we may maintain that leadership. The DOD 6.1 and 6.2 portion is an integral part of that plan and we believe should at least be maintained to provide appropriate balance among Federal agencies.

Thank you, Mr. Chairman.

PH.D. DOCTORATES

Senator INOUYE. Those statistics are rather stunning. But would you say that Ph.D. doctorates have decreased in the last 10 years in all fields?

Dr. **Huray**. No; they have increased overall. But the proportion or the absolute number of American Ph.D.'s have decreased; yes, sir.

We are finding most of our interest in graduates to be in fields other than science and engineering—mostly in business.

Senator **Inouye**. I am certain you are aware that quite often, whenever universities and colleges awarded grants, facility or scholarship grants, and it gets out in the press, the media look upon this as part of the pork barrel. I would suggest that, in addition to you selling your program to us, you sell it to the media. Otherwise, Members of Congress are going to get a little gun shy on this. Every time they try to help, they find themselves being attacked for being parochial and only being concerned about pork.

So it would help if you could help us in that area.

Dr. **Huray**. Of course, that is why our associations recommend support of a program like the NSF program, which is competitively based. We would like to take that pressure off from the only resource that universities sometimes have.

Senator **Inouye**. Even those have been criticized——

Dr. **Huray**. Yes; they have.

Senator **Inouye** [continuing]. Because they think there is some political string pulling somewhere in the background.

You mentioned that only 8 percent of engineer Ph.D. candidates are women.

Dr. **Huray**. Yes, sir.

Senator **Inouye**. If we provided the funds, how large would that increase be? Would that 8 percent go to 16 percent?

Dr. **Huray**. Well, it is impossible to give you a number, and part of the problem lies in the fact that the downstream supply of women engineers is not currently present. However, the incentive that would appear by providing increased funding for women engineers in particular would have a substantial effect. We believe that we could effectively correct the problem with an appropriate funding in science scholarships for both minorities and women.

Senator **Inouye**. Is that part of our national culture, though, where women were not supposed to be engineers, or doctors, or lawyers?

I notice that of the recent graduating class of my law school, 50 percent were women. When I got through, there were two women. The same is true for medicine. It is growing now. But with engineers, for some reason it seems women don't want to be engineers. Am I wrong?

Dr. **Huray**. No; I think you are quite correct. I think much of the blame in fact lies with the educational system. We recognize our problems, especially in the elementary and secondary school levels.

There are pipeline losses at every portion of the pipeline and they are larger for women and minorities than for white males.

However, even our white male population is decreasing in its interest in science and engineering. It is only because of our supply of foreign students that we are able to maintain any semblance of a balance. Many of those, of course, are choosing to return home these days.

Senator **Inouye**. Do you mean that they would rather go for their MBA's?

Dr. **Huray**. I think that, in fact, is showing up in the statistics.

Senator **Inouye**. I thank you very much, sir.

[The statement follows:]

STATEMENT OF DR. PAUL G. HURAY

Mr. Chairman, Members of the Subcommittee:

My name is Paul Huray, and I am Senior Vice President for Research of the University of South Carolina. I appreciate the opportunity to discuss with you our views on the FY 1991 budget request for the university research and graduate programs supported by DOD Technology Base programs: ~~6.1~~ Research and 6.2 Exploratory Development.

Mr. Chairman, between 1964 and 1968 I was the recipient of a National Defense and Education Act (NDEA) fellowship in physics at the University of Tennessee. I want to begin my testimony today by thanking the Congress for supporting me through a Department of Defense (DOD) program which had an enormous impact upon the number of American scientists and engineers in the workforce today. As you know, career decisions are often made by students and young faculty based upon very pragmatic choices such as the availability of scholarship and research support in specific disciplines. While I am going to recall some relevant statistics to support my argument for full support of the DOD FY 1991 6.1 Research and 6.2 Exploratory Development budget today, I want you to be thinking how the decision will translate into very personal lifetime decisions by thousands of future scientists and engineers who will keep our county competitive in defense and in a global marketplace.

Foreign competition is severely challenging our traditional leadership position in many fields of research and technology. If we fail to meet that challenge, as the evidence increasingly indicates we may, we risk relinquishing not only our standing as world leaders but our technological competitiveness, economic vitality and security as well.

I present this testimony on behalf of the Association of American Universities, the Association of Graduate Schools, the Council of Graduate Schools and the National Association of State Universities and Land-Grant Colleges. The members of these national organizations include virtually all of the universities in which the Department of Defense supports fundamental research and graduate programs in the physical sciences, mathematics, computer sciences and engineering as well as other disciplines related to its mission.

In summary, I will speak briefly to three aspects of the DOD budget request: the global context of DOD Technology Base investments, the importance of DOD graduate programs in supplying future scientists and engineers, and the problems posed by continuing deterioration of university academic research facilities:

> 1. DOD Technology Base programs play essential leadership roles in federal science and engineering programs, especially in the fields of mathematics, computer sciences, engineering and environmental sciences, critical to the development of new knowledge and new technologies. The Department's Technology Base programs did not participate in the rapid buildup of defense budgets during the 1980s; they lost ground. Their continued erosion poses adverse consequences for our future defense capabilities as well as for the nation's research and education base. In the new era of defense retrenchment, we would commit a serious error if we cut these essential investments. Instead, we ought to sustain and strengthen them.
>
> 2. DOD has an important stake in our ability to assure a sufficient quality and supply of engineers and scientists. Because DOD exerts a substantial influence over the nation's entire science and technology system, it has a leadership

responsibility to strengthen its contribution to graduate education in engineering and science. Despite its recent initiatives, the Department is failing to meet adequately its leadership responsibilities to encourage and train our next generation of scientists and engineers who will be essential the future DOD mission as well as the national science and technology enterprise.

3. The Department of Defense ought to play a leadership role in helping to fashion a government-wide policy to address the increasingly severe academic research facilities deficit of the universities engaged in DOD-sponsored research.

DOD TECHNOLOGY BASE INVESTMENTS

The Context

The following trends are illustrative of recent changes in the science and technology environment which bear directly upon the policies and programs of the Department's Technology Base programs:

- Europe is overtaking us in its investment in civilian research and development. In, 1989 civilian R&D expenditure in the European Community (EC) and the European Free Trade Association (EFTA) combined exceeded ours for the first time. In 1992, the EC alone will probably pass us.

- Since 1963, the percentage of U.S. patents granted to residents of foreign countries has doubled.

- Since 1963, the fraction of our population engaged in science and engineering has remained unchanged, while the corresponding proportion has tripled in Japan and West Germany

- The U. S. trails France, West Germany, Japan and the U.K. in the percentage of students selecting engineering as their first degree, and we are behind all but Japan in the percentage of students selecting the natural sciences.

- While demographic trends point to the continuing decline in the presence of white males in science and engineering; we are tapping insufficiently the pool of potential women and minority scientists and engineers. In only ten years, most new entrants into the U.S. labor force will be women and minorities.

- In mathematics and science tests, American students at the 5th, 9th, and 12th grade levels perform poorly in comparison with industrial nations and even some third world countries. Despite recent improvements student scores in these three age groups remain below 1970 levels.

- The traditional college-going 18-22 year-old group of Americans is declining; shortly after the year 2000 this pool of talent will have declined by 25 percent.

- Within a few years we must replace about half of our elementary and secondary school teachers and a similar proportion of our college and university faculties in the arts and sciences. Serious faculty shortages in many fields of science and engineering are already upon us and the appear certain to grow worse rapidly by mid-decade.

Research is a sound investment in economic terms. Studies by Dr. Edwin Mansfield at the University of Pennsylvania conservatively estimate that our annual rate of return on our federal research investments is 28 percent. The U.S. Department of Labor estimates that technological innovation, which flows both from basic research and the insights of the graduates of our universities, accounts for 44 to 77 percent of our increased productivity.

Our unsurpassed record as a world leader in basic research and graduate education is rooted in decisions made more than 40 years ago to link together in our universities graduate education in the sciences and engineering with our basic research investments. The wisdom of these decisions is confirmed by the unprecedented flowering of basic scientific knowledge we have enjoyed and by the successive generations of new research scientists and engineers which our system has produced benefiting our universities, federal laboratories, and industry. Other nations continue to look to our universities as models of how to do it right, and, as they enter the modern technological world, they are rapidly learning to imitate us.

The Eroding Foundation

The Department of Defense has an essential leadership role to play in nurturing the nation's science and technology base. Because it is a major source of federal investment in academic science in the physical sciences, environmental sciences, mathematics and computer sciences and engineering, its responsibilities to the health of these fields are compelling. Throughout the buildup of the 1980s, Technology Base programs, the foundation of the entire RDT&E activity, did not keep pace with the dramatic growth in development, test and evaluation programs.

The Department now accounts for only about ten percent of total Federal support for research performed at universities and colleges. However, it accounts for 49 percent of all federal support in mathematics and computer sciences, 42 percent of support for engineering, and 21 percent in environmental sciences. In combination with NSF, the two agencies together account for 89 percent of support for mathematics and computer sciences, 76 percent in environmental sciences and 72 percent of total federal support for engineering research. Because federal investment in all of these fields is essential the education of the next generation of scientists and engineers as well as the development of new technologies essential to our economic welfare and future defense, the Department cannot afford to neglect its leadership role in these fields.

In recent years, DOD has called on universities to play a stronger role in Technology Base programs. Since 1975, DOD Technology Base funds in universities have approximately doubled, in real terms, to $775 million this year, which represents an annual rate of growth of 4.8 percent. Universities now account for nearly 60 percent of total 6.1 obligations; up from around 50 percent during the middle and late 1970s.

DOD funding continues to reach a growing number of institutions and states. In FY 1987 and 1988, 63 universities, and one nonprofit research institute, in 29 states each received more than $3 million in DOD funds (Attachment A). In addition, the Department has established the Research Initiation Program (RIP) as part of the successful University Research Initiative (URI) program. Through RIP an additional 32 institutions located in 21 states and the District of Columbia are now participating in the URI program. The University of South Carolina participates in this program. Nine states participating for the first time this year include Arkansas, Iowa, Louisiana, Maine, Minnesota, Missouri, Mississippi, Nebraska, and West Virginia (Attachment B).

As our universities respond to the Department's call they are increasingly concerned that the 6.1 Research programs, which account for more than 2/3 of total DOD university research funding, are being steadily eroded. In real terms, despite gains achieved between 1976 and 1986, 6.1 Research funds are about 40 percent below their level of the mid-1960s. Since 1986, 6.1 funding has steadily declined to 1980 levels. Exploratory Development (6.2) funding has similarly declined.

Since 1965, in every year but four (1977-80), 6.1 funding as a percentage of total RDT&E has declined. In FY 1990, 6.1 Research equals only 2.5 percent of total RDT&E funds, down from nearly 5.5 percent in 1965. As a percentage of total Federal support in basic and applied research, the DOD Technology Base declined from about 45 percent in 1963 to about 15 percent today. Some of this, but not all, may be attributed to the expanded missions of other agencies.

In this new and welcome era of defense retrenchment, it would be a serious error to cut the essential investments made by the Technology Base programs. Instead, now is precisely the moment to recognize the importance of sustaining long-term investment in our research infrastructure and strengthen it.

We, therefore, urge your support for the FY 1991 budget request for the Technology Base programs.

HUMAN EDUCATION AND HUMAN RESOURCES PROGRAMS

Turning to education, the Department of Defense has an important stake in our ability to maintain an adequate flow of well educated engineers and scientists. Because DOD exerts a substantial influence over the nation's entire science and technology system, it is a leadership agency with a responsibility to strengthen its contribution to engineering and science education. However, the Department is failing to fully meet its responsibilities in the education arena on a scale proportionate to its impact on the national science and engineering enterprise. The Department's present commitment is far below its relative share of the research enterprise in those fields essential to its mission.

Scientific, Engineering and technical personnel constitute almost one-third of the total DOD workforce. DOD employs 126,800 scientists, engineers and technicians; they comprise 2.8 percent of the total national S&E workforce. Approximately 13 percent of all the nation's scientists and engineers are directly employed by DOD or are affected by DOD spending. Over 15 percent of the nation's defense industry workforce are scientists, engineers, and technicians educated in our universities.

DOD compares unfavorably with NSF and NASA, the two agencies with which it shares leadership for the support of research in engineering, environmental sciences and mathematics and computer sciences, in its support of graduate fellowships, traineeships and training grants in universities. NSF accounts for nearly ten percent, and NASA five percent, of total federal obligations for fellowships, traineeships and training grants in science and engineering to the top 100 universities. Although DOD accounts for about 50 percent of total federal support for research in mathematics and computer sciences, more than 40 percent of research support in engineering and 21 percent in the environmental sciences, the Department accounts for less than 1/3 of 1 percent of total obligations for graduate fellowships, traineeships and training grants in science and engineering to the top 100 universities.

Despite the initiation in recent years of several prestigious, but very small, graduate fellowship programs, the Department simply is not supporting graduate students at a level equivalent to its research role. The Department's commitment to the attracting the very best U.S. students into graduate programs in science and engineering has not kept pace with its expanding reliance on universities to carry out its research programs.

It is impossible to overstate the importance to the nation of making the necessary investments in education and training now. Those who will receive their Ph.D. degrees in 2005 are already 12 years old. The college graduating class of 2005 is in kindergarten or first grade and the high school class of 2005 are today's two-year old toddlers. We must educate these children better than their older siblings, and we must attract more of them into scientific and technical careers. There is wide spread agreement that general scientific and technological literacy and competence also must be improved.

Attracting greater numbers of the academically gifted, however, while necessary, is simply an insufficient response to the problem. If we are to retain leadership in the intensifying economic, technological, and cultural international competition, we must take additional steps to attract women and minorities into graduate programs in the sciences and engineering.

By 2020, an estimated 70 percent of our workforce will be minorities and women. Both groups are under represented in our present science and engineering classrooms, and we are losing ground. In 1988, only 231 Black U.S. citizens earned Ph.D.s in science and engineering, 47 fewer than 10 years ago. Blacks and Hispanics comprise about 20 percent of the population, but earn less than 2 percent of doctoral degrees in the physical science and engineering. Women account for only 6 percent of engineering Ph.D.s awarded, contrary to their better progress in law, medicine, and business. And, women comprise only 13 percent of the science and engineering workforce, (up from 11 percent in 1980) and Blacks only 2.2 percent.

In February of this year, the Office of Technology Assessment published a report titled, "Making Things Better: Competing in Manufacturing". The OTA report concludes,

> "Americans are used to thinking of their nation as leading the world in technology- with the select company perhaps of a few other developed countries or a few foreign industries. But the realization has dawned that we are no longer at the forefront." ...
>
> "Japan is graduating more engineers per capita than the United States, and Germany has what is probably the world's finest set of training institutions to provide technical people for manufacturing, from the shop floor to the engineering workstation. Meanwhile, in the United States, the demographic group most inclined to enter engineering-white males - is shrinking as a proportion of young people."

The U.S. is failing to attract our best U.S. citizens as students into graduate programs, and we are coming to rely upon foreign sources not only for our Ph.D.s but for our new industry and federal labs and for university research scientists and engineers. In 1970, about 85 percent of all doctorates earned were U.S. nationals. In just fifteen years that number has dropped to about 70 percent. But in the physical sciences the drop was from 82 percent to 62 percent and in engineering from 73 percent to 41 percent. White male doctorate recipients have dropped from 17,000 to 12,000 between 1970 and 1988.

These figures are disturbing not only for U.S. defense interests; they don't bode well for our national competitive position across the board. Dr. Richard Atkinson, former Director of NSF and current Chancellor of the University of California, San Diego, predicts a U.S. shortfall in Ph.D. output in science and engineering of 7,500 by the turn of the century. U.S. universities, industry and others are working at every level in the pipeline from preschool through K-12, the undergraduate years and in our graduate schools to turn this situation around, but they cannot do it alone. More adequate graduate-level financial aid must be one ingredient in addressing this problem. The DOD through its emerging graduate programs can give important leadership to the effort and make an important contribution provided they are supported at a level commensurate with the Department's mission requirements.

ACADEMIC RESEARCH FACILITIES

During the 1950s and 1960s, the U.S. federal government was a major partner in establishing quality research facilities in our universities. For more than 20 years we have been without a federal facilities investment policy in our joint national research enterprise. The states, institutions and others continue to make significant efforts to meet our facilities requirements; but, despite these efforts, the problem worsens. The federal partner of this national research partnership must return to the problem.

The problems posed by deteriorated academic research facilities are well documented and widely recognized. Deferred maintenance, replacement, renovation and repair problems continue to grow as funds which ought to be spent on the basics such as roofs, utility systems, windows, masonry, and floors as well as replacement structures, must be spent to meet immediate requirements such as student financial aid, access for the handicapped, new quarters for research animals, supplies and services, salaries and health insurance. Neglected buildings degenerate faster, and, eventually, these borrowings must also be paid through replacement of the building or much more expensive repairs. Individual universities now frequently report accumulated deferred maintenance and replacement needs of $300 million or more. Borrow the funds, some say. Many institutions have borrowed funds to meet these needs, and they are reaching the limits of their ability to carry the debt load.

In its September, 1988 report to Congress, titled Scientific and Engineering Research Facilities at Universities and Colleges: 1988, the NSF noted that for every dollar the universities were then spending on repair and maintenance, they were deferring $3.60, and for every dollar spent on new construction, they were deferring $2.50. A report by the National Association of College and University Business Officers and the Association of Physical Plant Administrators estimates that the urgent facilities needs of the 104 leading research universities totals $7.2 billion. Since these reports appeared, nothing has happened to improve the situation, and frankly, we believe it is worsening.

In 1986 the White House Science Council urged creation in NSF of a research facilities program funded at a minimum of $500 million per year. Dr. Frank Press, President of the National Academy of Sciences has called for a government-wide academic research facilities effort involving all science agencies at $1.25 billion per year.

At the moment, the Congressionally initiated NSF Academic Research Facilities Modernization Program is the only organized competitive program in any federal research agency. Through competitive awards, it will leverage scarce federal funds by requiring matching funds from non-federal sources. The FY 1991 budget proposes only $20 million for this important program in its second year, only 10 percent of the amount authorized. Clearly, this is an inadequate amount. But, even if it is funded at the fully authorized level, NSF alone cannot carry the entire federal burden. Other agencies, including the Department of Defense, must play a role through their own direct matching grant programs. Changes also are needed in federal costing and tax policies.

Mr. Chairman, I realize that many of these statistics paint a pessimistic picture of the U.S. position in science and technology. They mostly pertain to relative trends but they recognize that U.S. basic research and education is without question, the best in the world. Fortunately, you have before you, in the form of the FY 1991 budget, a prescription for how we may maintain our leadership. Our long range strength and our ability to maintain options will depend upon your support for the basic infrastructure and human resources in this budget. The DOD portion is rightly an integral part of that plan and, I believe, should be at least maintained to provide appropriate balance among the Federal agencies.

Thank you for the opportunity to appear before the Subcommittee. I would be pleased to respond to questions.

ATTACHMENT A

ACADEMIC INSTITUTIONS WITH MORE THAN $3 MILLION IN DEPARTMENT OF DEFENSE OBLIGATIONS FOR RESEARCH AND DEVELOPMENT IN FISCAL YEARS 1987 AND 1988 *

STATE / INSTITUTION

ALABAMA
AUBURN UNIVERSITY
UNIV OF ALABAMA AT HUNTSVILLE

ARIZONA
UNIVERSITY OF ARIZONA

CALIFORNIA
CALIFORNIA [illegible]
STANFORD UNIVERSITY
UNIV OF CAL BERKELEY
UNIV OF CAL IRVINE
UNIV OF CAL LOS ANGELES
UNIV OF CAL SAN DIEGO
UNIV OF CAL SANTA BARBARA
UNIV OF SOUTHERN CAL

COLORADO
COLORADO STATE UNIV
UNIVERSITY OF COLORADO

CONNECTICUT
YALE UNIVERSITY

DELAWARE
UNIV OF DELAWARE

FLORIDA
UNIVERSITY OF FLORIDA
UNIVERSITY OF MIAMI

GEORGIA
GEORGIA INSTITUTE OF TECH

ILLINOIS
NORTHWESTERN UNIVERSITY
UNIV OF ILL CHICAGO
UNIV OF ILL URBANA

INDIANA
PURDUE UNIVERSITY

STATE / INSTITUTION

MARYLAND
JOHNS HOPKINS UNIVERSITY
UNIV OF MD COLLEGE PARK

MASSACHUSETTS
BOSTON UNIVERSITY
HARVARD UNIVERSITY
MASS INST OF TECHNOLOGY
[illegible]
WOODS HOLE OCNGRPHIC INST

MICHIGAN
UNIVERSITY OF MICHIGAN

MINNESOTA
UNIVERSITY OF MINNESOTA

MISSISSIPPI
MISSISSIPPI STATE UNIVERSITY

NEW JERSEY
PRINCETON UNIVERSITY

NEW MEXICO
NEW MEXICO STATE UNIV
UNIVERSITY OF NEW MEXICO

NEW YORK
COLUMBIA UNIV MAIN DIV
CORNELL UNIVERSITY
NEW YORK UNIVERSITY
POLYTECHNIC UNIVERSITY
RENSSELAER POLYTECH INST
SYRACUSE UNIVERSITY
UNIVERSITY OF ROCHESTER

NORTH CAROLINA
DUKE UNIVERSITY
N C STATE UNIV AT RALEIGH
UNIV OF N C AT CHAPEL HILL

STATE / INSTITUTION

OHIO
CASE WESTERN RESERVE UNIV
OHIO STATE UNIVERSITY
UNIVERSITY OF DAYTON

OREGON
OREGON STATE UNIVERSITY

PENNSYLVANIA
CARNEGIE-MELLON UNIV
PENNSYLVANIA STATE UNIV
UNIV OF PENNSYLVANIA
UNIV OF PITTSBURGH

RHODE ISLAND
BROWN UNIVERSITY

TENNESSEE
UNIV OF TENNESSEE AT KNOXVILLE
VANDERBILT UNIVERSITY

TEXAS
TEXAS A & M UNIVERSITY
UNIV OF TEXAS AT AUSTIN

UTAH
UNIVERSITY OF UTAH
UTAH STATE UNIVERSITY

VIRGINIA
UNIVERSITY OF VIRGINIA
VA POLYTECH INST & ST U

WASHINGTON
UNIVERSITY OF WASHINGTON

WISCONSIN
UNIV OF WIS-MADISON

* SOURCE: "FEDERAL SUPPORT TO UNIVERSITIES, COLLEGES, AND SELECTED NONPROFIT INSTITUTIONS," FISCAL YEAR 1987 AND 1988 EDITIONS, NSF SURVEYS OF SCIENCE RESOURCES SERIES

ATTACHMENT B

INSTITUTIONAL BROADENING OF URI RESEARCH INITIATION PROGRAM (RIP) ALSO BROADENS GEOGRAPHICALLY

- RIP WAS THE FIRST URI INVOLVEMENT FOR 32 INSTITUTIONS, LOCATED IN 21 STATES AND THE DISTRICT OF COLUMBIA
- RIP ALSO WAS THE FIRST URI PARTICIPATION FOR 9 OF THOSE STATES AND D.C.
- THE NEW INSTITUTIONS ARE AS FOLLOWS, WITH NEW STATES INDICATED IN BOLD:

ALABAMA
Alabama A&M

ARKANSAS
University of Arkansas

CALIFORNIA
University of California at Riverside

DISTRICT OF COLUMBIA
Catholic University of America

FLORIDA
Florida Atlantic University
Florida Institute of Technology
Florida State University
University of Central Florida

IOWA
Iowa State University

LOUISIANA
Louisiana State University

MARYLAND
University of Maryland Baltimore County

MAINE
University of Maine

MICHIGAN
Wayne State University

MINNESOTA
University of Minnesota

MISSOURI
University of Missouri--Rolla
Washington University

MISSISSIPPI
University of Mississippi

NEBRASKA
University of Nebraska Lincoln

NEW JERSEY
Rutgers University
Stevens Institute of Technology

NEW YORK
City College of New York
Clarkson University
State University of New York--Buffalo

OHIO
Miami University of Ohio

PENNSYLVANIA
Lehigh University

SOUTH CAROLINA
University of South Carolina

TEXAS
Rice University
Texas Christian University

VIRGINIA
University of Virginia
George Mason University

WEST VIRGINIA
West Virginia University

WISCONSIN
Marquette University

AMERICAN PSYCHOLOGICAL ASSOCIATION

STATEMENT OF HERSCHEL W. LIEBOWITZ, EVAN PUGH PROFESSOR OF PSYCHOLOGY, PENN STATE UNIVERSITY, ON BEHALF OF THE AMERICAN PSYCHOLOGICAL ASSOCIATION

Senator INOUYE. Our next witness is the Evan Pugh professor of psychology at Penn State University, representing the American Psychological Association, Dr. Herschel W. Liebowitz.

Dr. Liebowitz, welcome, sir.

Dr. LIEBOWITZ. Good morning, sir. It is a great honor for me to be here, especially given my background as an enlisted man in infantry during World War II.

We have prepared a statement which is on the record, and I would like, with your permission, to give some historical perspective of the statement.

Senator INOUYE. Fine, sir.

RESEARCH

Dr. LIEBOWITZ. I think we all recognize the need for research if we agree that we must remain at the frontier of knowledge. It is important for the quality of life; it is important for our ability to compete economically.

But these temporal demands in many aspects of our society are minimal. I mean, it is important to know how bees find flowers, but we don't have to find that out today. It is important to know why the grass is green. I disagree with Secretary Wilson. But it isn't important to do it right away.

But the military and defense is an exception because the time demands are absolutely essential to military defense.

It isn't just that we must know something, but we must know it in a timely fashion.

PERSONAL EXPERIENCES

If I may, may I recite some personal experiences. During World War II, I was in London in November 1944, and my first experience with fighting war was to watch a rocket attack on London. I was thinking what would have happened if those rockets had been available during the invasion, which was less than 6 months earlier?

In December 1944, we were in the Ardennes, at the Battle of the Bulge, and that was a terrible battle because we almost lost it. The Germans almost took Liege, which would have prolonged the war perhaps 6 months.

We lost in that battle almost as many men to cold exposure, particularly trench foot, as we did to casualties. But the German Army had no problem. Of course, they had an advantage because they had been fighting in Russia. But if we had lost that battle, it could have been, in part, because we were not prepared for the cold exposure of our servicemen.

In March of that year, toward the end of the war, the Germans had some jets—and, fortunately, our division shot the first one down. I saw the jet actually when it was shot down. I was wonder-ing what would have happened if those jets had been available during the Battle of Britain or during the invasion.

We really won that war in a way because our technology was a little bit ahead of the German's. Of course, a prime example is atomic energy, which has been going on for centuries. We know that our several year lead in atomic energy changed the course of history.

Last summer—one final, personal comment—I was in Hagerlach in Germany and visited an atomic pile which the Germans had built during World War II. It looked just like the atomic pile at the University of Chicago, except that theirs did not work and ours did. You wonder what would have happened if theirs had worked before ours did and they would have gotten the atomic bomb first.

So, defense research is important to be timely. It is important to be in the very forefront of technology.

I view defense as a joint effort. It is not just the soldier, the marine, the sailor, and the airman, the pilot. But it is also the graduate student, who has been working in the laboratory for generations. It's not very dramatic, but the research we undertake and the fundamentals that we discover in the laboratory are just as important for our national defense as anything else we are interested in.

I think we all agree on this, that research is important and it is important to do it timely. Let me talk, instead, about the support of different kinds of research by the Defense Department, and our Government.

CLOSING OF THE FRONTIER

Let me remind you, sir, that this year is the anniversary of a very critical event in the history of our country. It is a century since the frontier closed. The closing of the frontier, when there was no more free land, is thought of as a very important event in the history of intellectual life of our country. This is true for many reasons.

I would remind us also that it is a stimulus to look at the support of research by our Government. In the last century, a large part of Government money went into the Geological Survey. The reason for this was that, with the frontier open, it was important to know where the lands lay. It was important to know where we could give land to people and how to chart these lands. So it was society's need for maps which dictated strong support for the Geological Survey.

I think this reflects a general principle. Science is not unitary; it is composed of different subbranches. The importance of a subbranch of science depends on societal needs of the time. Look at history and you will see a time when infectious diseases were critical. We solved those problems, the problems of smallpox and yellow fellow.

There was a time when the problem of food supply was critical. We solved those problems.

A century ago, most people in this country were farmers; now very few are farmers. What we have seen in this century is a tremendous growth in technology. If you look at the last century as against this century, we now have surface vehicles which we did not have before. We have airplanes, we have computers, we have spaceships, and so on. This machinery puts unprecedented demands on humans. There was no problem in driving a car or a plane say 50 years ago; but now there is.

The planes we are building now literally exceed the capabilities of pilots. We all know about the space program and how we have had problems with motion sickness. This is an annoyance to NASA. I worry quite a bit, though, about the role of motion sickness in the military. The military is in space, and if people get sick in space and cannot operate, they won't be very effective.

I think these are just some examples which point to the importance of behavioral sciences to national defense. I should add that this is not confined to the military. The importance of behavior sciences in this century and in the next century is general.

MEDICINE

Look at medicine, for example. Eighty percent of medical problems are thought to be behavioral. We knew what to do about smoking, about diet—exercise. But people don't do it. A lot of the problems in energy are behavioral. We must modify people's energy use patterns.

In the environment, the problems are, in part, technical; but they are, to a great extent, environmental. The best example is drugs. The only solution—and this is a personal opinion—the only solution to the drug problem is to reduce the demand. Behavior modification is the best way to solve the drug problem.

We can't stop the drugs from flowing into our country; but we could, hopefully, stop the demand for them.

So what we are seeing in this century is a general increase in the importance of psychology and the behavioral sciences. I use those terms interchangeably.

RESEARCH NEEDS

It is more critical in defense, too. The defense needs exacerbate the research needs of our society. We need research on human machine interface; that is, how people can operate complex machinery, like airplanes and spaceships.

This field started in World War II. It is called human factors research and it made possible the great success we have had in commercial aviation.

We need research in selection. Selection started, believe it or not, in the Civil War. It reached a zenith in World War II, when the Army alpha and the Army beta tests were used to help us mobilize millions of servicemen in a short period of time. Again it was used, of course, in World War II.

We critically need research on maintenance. I think everybody is aware of the maintenance problems. The turnover of personnel in the military is tremendous. Recruitment is becoming more complex.

How do we solve this problem? We solve it, I think, only by better understanding the learning process, the educational process.

I think that every historical trend suggests that the behavioral sciences are becoming increasingly more important in our society, and particularly so in national defense. As documented in our prepared statement, behavioral research is not only essential, but an economical way of increasing our defense efficiency.

On behalf of the 100,000-plus members of the American Psychological Association, may I respectfully suggest that the Committee recognize the importance of these trends and facts in their deliberations.

Thank you.

Senator INOUYE. I thank you very much, Doctor.

As you know, my administrative assistant is a member of your organization.

Dr. LIEBOWITZ. Yes.

Senator INOUYE. So he is constantly reminding me of the importance of psychology.

Dr. LIEBOWITZ. Thank you.

Senator INOUYE. Thank you, sir.

[The statement follows:]

STATEMENT OF HERSCHEL W. LIEBOWITZ

American Psychological Association
Summary of Recommendations

Slight changes in appropriations (at comparatively low dollar amounts) can reduce the chances of human error and improve human performance thus building a better trained, more highly qualified, and more efficient (though smaller) military force. In consideration of the military appropriations legislation (and in light of the current fiscal climate surrounding DOD), the American Psychological Association recommends that this Subcommittee:

1. Specify that 10% (rather than the current 3%) of the basic research funds (less than one-half of a percent of the DOD training budget) be used for human behavioral factors research because it can provide the basis to save lives, improve military effectiveness and dramatically reduce costs.

2. Require the research agencies to report the amount of the research carried out on humans and the class of issues that are being addressed.

3. Increase 6.1 (Basic Research) funding to 4% of the DOD budget, its level of funding ten years ago.

4. Increase the level of 6.1 (Basic Research), 6.2 (Exploratory Development), and 6.3 (Advanced Development) research funding devoted to training, human factors, and personnel technology from the current overall level of $173 million (in FY'90) to a level equivalent to the FY'87 level of $215 million where a slow but steady decline in funding for these areas began (including an inflationary adjustment of 3% per year this would bring the total to approximately $243 million -- an increase of $70 million in FY'91).

5. Encourage the incorporation of human factor considerations in the procurement of equipment and the development of training programs.

6. Provide long-term and consistent funding of basic research so agency managers can develop programs of research to address fundamental issues regarding the human factor.

Mr. Chairman and Members of the Committee, I am Dr. Herschel W. Liebowitz, Evan Pugh Professor of Psychology at Penn State University. I am a member of the Board of Scientific Affairs for the American Psychological Association (APA) and also serve as a member of the Human Factors Committee at the National Research Council.

I am testifying on behalf of the American Psychological Association (APA) which represents the concerns of 102,000 psychologists, many of whom conduct behavioral research on military issues. The field of psychology has a long involvement with the military. On April 6, 1917, as the United States entered World War I, a group of psychologists convened at Harvard to discuss how psychology could contribute to the war effort. The meeting came out of the creation of the National Research Council (NRC) by the National Academy of Sciences in 1916 to organize scientific support for the impending war effort. As a result, the Committee on Psychology was formed. The efforts of this Committee led, among other things, to the psychological screening of over 4,000 recruits at four Army and Navy Camps. By 1919 more than 1,726,966 inductees had been administered newly developed intelligence tests.

Since this early effort psychology has become more deeply committed to supporting the efforts of the military, with research psychologists expanding into new and diverse areas. Behavioral/psychological research can contribute significantly toward improving military readiness and performance in combat situations. Gains in these areas already have been achieved through psychological research on: testing/screening; training; simulation devices; human factors engineering; auditory classification; visual perception; studies of motor function; decision making; group and organizational behavior; and neuroscience.

The strength of our military is largely determined by the skill, training, and appropriate use of its greatest resource — people. Behavioral science involves the objective study of human performance through observation, experimentation, and modeling of human behavior. In every weapon system it is the soldier who maintains the system, performs the final data analysis, and launches the weapon. The military has supported the study of materials to ascertain how to temper and shape metals and determine their limits under stress. Yet, much more serious risk of loss of life and effectiveness comes from inadequate training. A twenty-three year old pilot must comprehend multiple computer screens while controlling a multi-million dollar aircraft and an error of one second can cause death.

It is vital that we study how to train and organize humans to perform in complex and stressful situations. Military personal are dedicated, intelligent, hard working individuals. These men and women deserve a commitment to understanding human performance and learning. Our country's military benefits from knowing how humans perceive scenes, how to train individuals to develop high performance skills, how to maintain those skills, and how to obtain high performance levels without increasing the chances of catastrophic human failures.

The military must train more people in less time to perform more complex tasks than ever before. The Air Force Training command is the largest education and training system in the free world. It trains 425,000 students in 6,300 courses in 350 career fields. The complexity of this task becomes quite clear when you realize that the training and maintenance manuals for the M1 tank weigh more than the tank itself. It takes at a minimum an investment of four years to train an expert technician -- and then their tour of duty ends.

The military must take the lead on funding the study of skilled performance of active normal individuals performing demanding jobs. The responsibility for basic research on human skilled performance rests with the Department of Defense. Military funding has made important contributions in the study of human factors, but real funding levels are declining just as the need for this work in becoming more apparent.

BENEFITS OF TRAINING SYSTEMS

A training system consists of hardware, software, courseware and instructors interacting in such a way that student performance is improved in the operational environment. Training systems have proven their value in both war and peace and the benefits of training systems are discussed below.

Training Systems Save Lives

Simulators provide training in emergency procedures that cannot be replicated safely in operational equipment. Examples include taking off on icy runways, landing with an inoperable engine, and practicing damage control procedures in a submerged submarine.

The use of simulators reduces the loss of life and equipment. More air accidents result from training flights than from any other peacetime flights. In testimony before the Senate Armed Services Committee in 1984, the Navy told how the A-7 simulator program saved as many as 25 A-7s over a five year period.

Table 2 shows Navy mishap statistics for the years 1985-1989. During this time period the Navy determined that up to 80% of these mishaps were attributable to inadequate aircrew coordination. In 1988, according to the Navy, the number 1 identified mishap cause factor was inadequate aircrew coordination with regard to seven different aircraft.

Training Systems Save Money

Table 1 contains the average hourly operating costs of various aircraft along with the operating costs of their simulators. Note that the average ratio between the cost of an actual flight hour and a simulated flight hour is 16/1.

At about one million dollars apiece, only 20 of the Navy's long-range Phoenix air-to-air missiles are fired each year. The high cost of the missiles does not permit much opportunity for the crews to practice using the real missile. Thanks to a low cost realistic training system, the crews can afford to fire the "Phoenix" an unlimited number of times.

The cost effectiveness of the military is heavily dependent on the human factor. It has been estimated that maintenance costs consume 25-30% of the military budget (Nawrocki, 1981). Maintenance costs represent 90% of the life cycle costs of electronic gear (Christensen & Howard, 1981), and field studies have indicated that 70% of the Army electronic equipment was inoperative at the time these studies were conducted (Feineman, 1978). Similarly, after spending $15 billion dollars funding an aircraft carrier battle group, it is cause for concern when the Admiral reports that the effectiveness of the group is compromised by a lack of training by controllers. Likewise, funding that finances a warehouse full of equipment that cannot be fielded or used effectively is clearly not a wise investment of taxpayer funds. At any one time there are nearly one quarter million maintenance technicians in the armed forces -- approximately 25% of them are new. Effectively training these personnel is of vital importance to the military.

Training Systems Contribute Directly to Readiness

Using a video disk training system that costs $35,000-$50,000, tank gunners can learn to shoot quickly and accurately. In fact, students trained on this system fire faster than those trained on operational equipment. Speed is important. The Army has evidence that, in battle, whoever fires the first shot usually wins.

To insure combat proficiency and readiness the DOD should launch a major program to invest in simulation training devices to permit enhanced proficiency training without employing expensive field training. For example, it is now possible to link tank crews in simulators in Kentucky with those in simulators in Texas to train together as a combined force, and even to "fight" against similar combinations of simulated "enemy" forces linked electronically from various locations around the country.

SIMNET, an acronym for "Simulator Networking," was initiated as a DARPA project on Large Scale Simulator Networking in 1983. It is the first system to achieve true interactive simulator networking for the collective training of combat skills in military units from mechanized platoons to battalions. SIMNET is also adaptable for training or excerising commanders and staffs at higher echelons, useful in the development of military concepts and doctrine, and suitable to the testing and evaluation of alternative weapon-system concepts prior to acquisition decisions. The DOD should use this available technology. The necessary investment will be greatly offset by the substantial savings noted above.

Training Systems Improve Overall Performance

Studies show that the rate of learning can be improved with simulated flying. Some flying tasks are mastered more quickly and brought to a higher skill level when the components of the task are practiced separately or in an order different from the natural one.

Simulation allows more concentrated practice by eliminating operational or real life delays that do not contribute to learning. Simulation provides tailored instruction and useful, timely feedback to the trainee. Students can learn why they did not perform a task correctly and how to correct their mistakes.

An example can be drawn from the World War II air-battle experiences of the German and American forces in the European theater. This is shown by the air combat loss rates represented in a non-classified form in Figure 1.

The German pilots experienced about 40% first-mission losses, whereas the American first-mission loss rate was half that, or about 20%. This advantage has been attributed fully to the differences in their "training". The Germans were short on fuel. Although they trained their pilots well to fly their aircraft, they did not have fuel "to waste" on the training of air-combat maneuvering skills. The Americans used the extra fuel and did train those skills to their pilots.

Even more to the point, however, evidence obtained with the Advanced Simulator for Pilot Training (ASPT) at the Operations Training Division of the Air Force Human Resources Laboratory has more than suggested that similar advantages can be gained by augmenting flying training with air-combat "simulator" training.

HUMAN FACTORS AND HUMAN ERROR

Human error refers to any situation where an observer fails to perceive a stimulus, is incapable of discriminating among several stimuli, misinterprets the meaning of a stimulus, makes an incorrect decision, fails to select the correct response, or performs the response in an incorrect manner.

While human error will always be with us, there are discernable personal characteristics that have an influence on the frequency of errors. These include such factors as fatigue, disorientation, distraction, motivation, forgetting, complacency, confusion, incorrect expectancy, excessive stress, boredom, inadequate skills and knowledges, and inadequate or impaired perceptual or cognitive ability. Such factors can certainly contribute to the occurrence of errors, and in some cases even cause errors.

It is also well established that factors external to the individual can influence the potential for human error. Elements of the job or task, design of equipment, operating procedures and training can affect the potential for error. These external factors can be classified as situational and design factors.

In a 1980 report to Congress entitled, "Effectiveness of US Forces Can Be Increased Through Improved Weapon System Design", the General Accounting Office (GAO) reported that poor design of equipment can significantly increase the probability of error-induced failures once a system is deployed. The GAO listed characteristics that influence error potential including: indicators and readouts not readily visible, parts not readily accessible, overly complex visual aids, unclear labeling and instructions, and awkward equipment layout and arrangement.

Human error has been cited as a causal or contributing factor in an increasing number of incidents and accidents. The GAO report quoted above further reported that at least 50% of the failures of major weapons systems are due to human error. A number of other sources have estimated the incidence of human error as a causal factor in a variety of accidents and incidents. These include the following:

* The Army Safety Center in 1984 reported that 5 years of accident experience revealed that 80% are due to human error;

- A National Transportation Safety Board investigation of 82 marine accidents in the 1970-80 timeframe revealed that 33 were collisions and that human error was the predominant cause of ship collisions;
- An American Nuclear Society Report in 1986 stated that 90% of facility emergencies involve human error;
- A study of the role of human error in chemical plant safety in 1987 found that most accidents were due to human errors;
- The Office of Technology Assessment estimated in 1986 that 62% of hazardous material spills were due to human error;
- A Boeing study attributed 65% of all airline accidents from 1959 to 1986 to human error;
- The Navy Safety Center cited human error as the cause of 85% of ship accidents;
- The Nuclear Regulatory Commission attributed 50% of nuclear power plant accidents to human error;
- According to the U.S. Department of Transportation, 90% of all automobile accidents involve human error.

Tragically, the military catastrophes of the last decade have been the result of human error. In the Vincennes incident, the lack of training in decision making under conditions of uncertainty, combined with a limited appreciation of the limits of human decision making under stress, produced a predictable and tragic decision resulting in the death of all 290 passengers onboard an Iranian Airbus. In Desert One in Iran, problems with maintenance and training combined with bad weather to set the stage for serious errors, a failed mission, and loss of life.

HUMAN FACTORS RESEARCH

Human factors is the scientific and engineering discipline concerned with reducing the incidence and the impact of human error in complex man-machine systems. Human factors represents a marriage of behavioral science and engineering and is directed at integrating people into complex systems. The discipline had its impetus in the critical requirement to fully integrate human operators into high performance aircraft and spacecraft systems. Today the methods and data of human factors are being applied to a wide variety of complex man-machine systems. The principal elements of human factors include: 1) human engineering, concerned with the design of man-machine interfaces, information processing, environments, and procedures; 2) manpower, personnel and training, concerned with selection, assignment, training and utilization of people in systems; and 3) life support and safety.

The demographic trends of the future require that we maximize the skill and abilities of new recruits and existing personnel in the military. By the year 2000, the number of 18 to 24 year olds will drop 19% relative to 1980 levels. There will be fewer top quality people available to recruit. We must invest in studies to determine how to quickly train these people to perform highly demanding jobs. Further, the age of military personnel will be increasing. We study how commercial airplanes age; not studying how human cognitive processing changes with age is clearly shortsighted.

SCIENTIFIC STUDY OF THE HUMAN FACTOR

The scientific study of human behavior identifies relationships that can be used to reduce training costs and to yield better performance. Basic research in psychology investigates what humans perceive in a scene, how attention is allocated, how decisions are made, how people learn, how groups communicate, what motivates individuals to succeed, and why individuals differ. This research develops laws that predict performance. Mathematical functions (i.e. Power Law, see Newell & Rosenbloom, 1981) can be used to accurately predict how people improve with practice. This allows one to determine how much training is needed for reliable performance. For example, findings from psychological studies of eye movements and map reading could have predicted that the single person design of the LHX helicopter was beyond the operational limits of the human operator.

Results from cognitive psychology can also be applied to train to seemingly impossible human performance levels. Researchers (Ericcson, Chase, and Faloon, 1980, ONR sponsored research) have improved individuals' short term memory capacities from 8 digits to 80 digits. Think of somebody reading you an 80 digit phone number and then you going to the phone and dialing it without error. It can be done.

Studying the human factor allows more effective allocation of training resources. How should we use textbooks, lectures, desktop simulators, high performance simulators, and flight time to develop pilots? For example, some of a pilot's skills can be taught as effectively using a cardboard mock up of the cockpit as in an expensive high performance simulator (see Caro, 1988, Prophet & Boyd, 1970). Understanding the tradeoffs and transfer for different training systems is very important for costs and safety considerations. There is a tendency in procurement to buy the highest fidelity simulators at the cost of severely reduced training time. The result is often that pilots get only a few practice trials performing critical maneuvers in simulators. Ask yourself, how good are you at performing a new function on a word processor (e.g., how to underline some text) after only three trials? Would you feel comfortable with only three trials performing a critical task if your life depended on it? We know that increasing the number of training trials has a large impact, whereas adding the color and physical motion of the cockpit do not. Hence for many tasks having multiple lower cost simulators may be preferable to fewer high fidelity simulators. Basic research provides the principles that can decide these questions.

Here are some examples of applying results from basic psychological research. In training Air Force electronics technicians, Air Force evaluation tests found that 25-30 hours of training with a simulator was equivalent to four years of on the job training. This simulator (Lesgold, Lajoie, Bunzo, & Eggan, 1988) was based on basic research sponsored by the Office of Naval Research and the Air Force.

We can avert disasters applying the methods and results of behavioral science. Human processing of radar screens has been studied to understand how controllers move their eyes and how rapidly the information they look at is forgotten. A model of human performance in this task predicts how many aircraft can be controlled before serious human errors occur (Moray, Neil & Brophy, 1983). This model allows evaluation of new radars and estimation of manning levels as a function of workload. It also can be used to inform commanders of when the human factor will begin to break down.

Applying basic behavioral research to the military can save lives. Low altitude flight in jets and helicopters is the greatest cause of fatalities in training. At one hundred feet above the ground at 500 miles per hour, a pilot is likely to crash if he looks at his instruments to see what to do. On a turn, the pilot has only three quarters of a second to make a decision (Haber, 1987). The pilot's life depends on his ability to estimate altitude based on the visual scene. Models of attention and perception show how those estimates vary as a function of the texture of the visual scene. If the pilot flies over a lake bed, he has to pull up because he can no longer visually estimate the altitude. By applying basic attention and perception research, a psychologist redesigned the low altitude flight curriculum for the Arizona National Guard. He taught instructors what students should look for, how to make critical responses automatically, and how to sequence training to build flight skills. The instructors now apply the psychology of human performance in training low altitude flight. The results have been so successful that the approach is now used throughout the US Air Force.

FUNDING LEVELS FOR BEHAVIORAL RESEARCH

Funding levels for behavioral research are disproportionately low. **Forty seven percent of the defense budget is related to personnel, yet only three percent of the basic research funds are devoted to understanding and improving the human factor (see figure 2).** We spend 20 billion on training yet we spend less than one tenth of one percent of that amount on basic research related to training and human performance. In fact, we spend less on basic research on human factors than is lost in a single aircraft accident. An investment increase to life science research of 10% of the total basic research budget seems modest when considering that personnel costs consume nearly half of the entire military budget.

Despite its vital importance, compared with other military sciences, funding for behavioral research is very low and this situation is getting worse. Figure 3 shows the distribution of research funds across the major basic research agencies in DOD. Behavioral research has been increasing in the Air Force in recent years but decreasing in the Navy and Army. In the Army, only 10 of the 150 (7%) qualified proposals for human basic research were funded. The Army Research Institute had only $700,000 dollars for new starts to study behavioral issues this year. In contrast, in 1989 the Army spent sixteen times more money (5.2 million) on new starts for basic research on the study of materials, funding 85% of the qualified proposals. If the human factor is the major factor limiting defense performance, it should be a major factor in basic research.

The DOD budget is divided into 11 classifications. One of these classifications - research, development, testing and evaluation (RDT&E) - comprises six activities (see Table 3) frequently referenced by the numerical shorthand "6.1, 6.2, 6.3, 6.4, 6.5, and 6.6". Table 3 shows the transition from 6.1 (Basic Research) to 6.2 (Exploratory Development) to 6.3 (Advanced Development) and on to the development of an actual operational system.

Table 4 shows 6.1 - 6.3A funding for human performance R&D from 1987 to 1990. This trend data illustrates a slow but steady decline in funding for R&D relating to human factors, personnel, and training technology. The APA strongly recommends that 6.1 - 6.3A funding devoted to training, human factors, and personnel technology be increased from the current (FY'90) level of $173 million to a level equivalent to the FY'87 level of $215 million, where a steady decline in funding for these areas of research began. With an inflationary adjustment of 3% per year, this would bring the total to approximately $243 million in FY'91 -- an increase of $70 million.

THE IMPORTANCE OF STUDYING THE HUMAN FACTOR

We owe it to our service personnel, our sons and daughters, to study the human factor. Human error does not begin or end with the soldier that is stressed beyond his or her cognitive limits due to poor design or

training. The second-class petty officers on the Vincennes who misread their computer screens share little of the blame, though they must live with most of the guilt of the downing of an Iranian commercial jet. **The human error begins when we choose what not to investigate, what not to find out. The choice not to fund the study of the human factor, not to exploit the research opportunities that exist, not to understand the limits and potential of the human factor -- that is the beginning of the human error.** In this case, what we don't know, does hurt us.

Training systems: enhance and maintain readiness through improved combat mission training; save lives and equipment; reduce costs and increase effectiveness through the interaction of human factors in weapon system acquisition; and improve efficiency and effectiveness through new selection procedures, job-analysis, and person-job-matching. In short, with a smaller force, training technology is the "force multiplier" that will insure operational readiness.

We owe it to our military personnel to keep them in a high state of readiness as well as to provide continuous and effective training that will increase the likelihood of survival in conflicts that may arise at any time in different regions of the world. Mr. Chairman, I thank you for this opportunity to testify on these issues and would be pleased to answer any questions that you may have.

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TABLE 1 Airframe and Simulator Operating Costs
Variable Cost Per Operating Hour

Airframe	Cost	Simulator	Cost	AC/Sim Ratio
F/A-18A	$1,882	2E7	$166	11
		2F132	87	21
F-14A	2,180	2E6	300	7
		2F95	67	33
A-7E	1,291	2F111	100	13
		2F103	74	17
S-3A	1,767	2F92A	78	23
P-3C	1,227	2F87B(T)	58	21
		2F87(F)	58	21
SH-2F	880	2F106	84	11
SH-3D	780	2F64C(F)	64	12
		2F64C(T)	62	13
SH-60B	771	2F135	65	12

TABLE 2

AIRCREW COORDINATION
COST/PAYOFF

NAVY MISHAP STATISTICS

YEAR	FATALITIES	LOSS ($M)
1985	60	$600
1986	58	$547
1987	66	$713
1988	66	$508
1989	78	$573

UP TO 80% OF MISHAPS ATTRIBUTABLE INADEQUATE AIRCREW COORDINATION

1988 #1 IDENTIFIED MISHAP CAUSE FACTOR WAS INADEQUATE AIRCREW COORDINATION FOR :

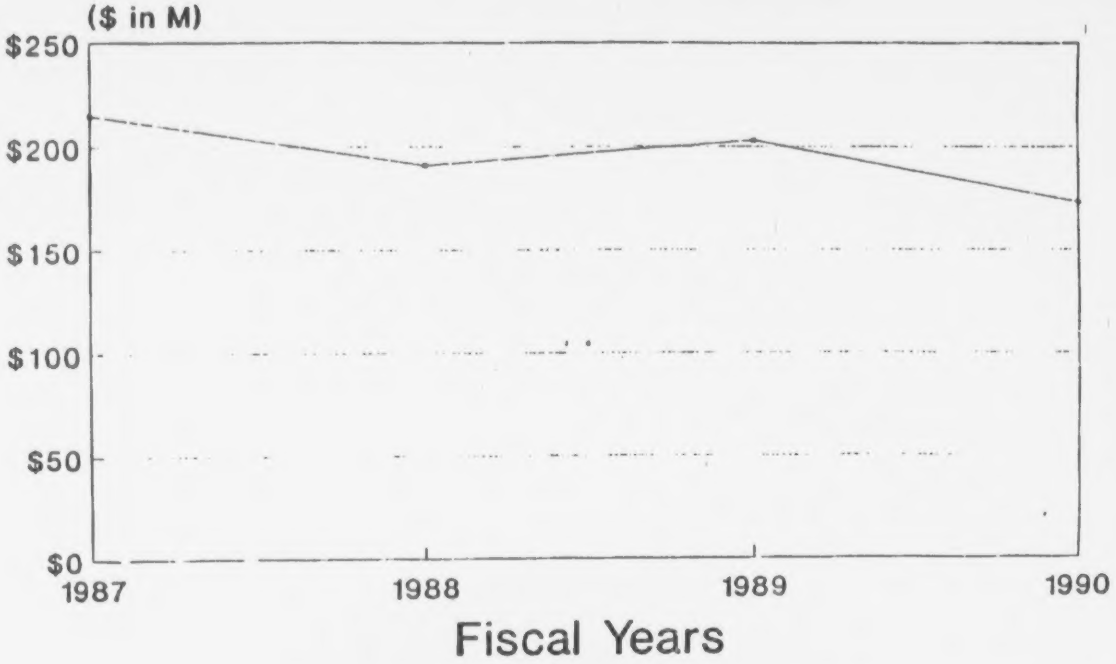
F-4, A-6, H-1, H-2, H-3, H46, H53

TABLE 3

SCIENCE AND TECHNOLOGY PROGRAM RESEARCH (6.1) EXPLORATORY DEVELOPMENT (6.2) ADVANCED TECHNOLOGY DEVELOPMENT (6.3A)	MANAGEMENT AND SUPPORT (6.5)
ADVANCED DEVELOPMENT (6.3"B")	
ENGINEERING DEVELOPMENT (6.4)	
OPERATIONAL SYSTEMS DEVELOPMENT ("6.6")	

Table 1. RDT&E by Budget Categories.

TABLE 4 HUMAN PERFORMANCE R & D
6.1 - 6.3A FUNDING



Data combine Human Factors, Personnel, and Training Technology

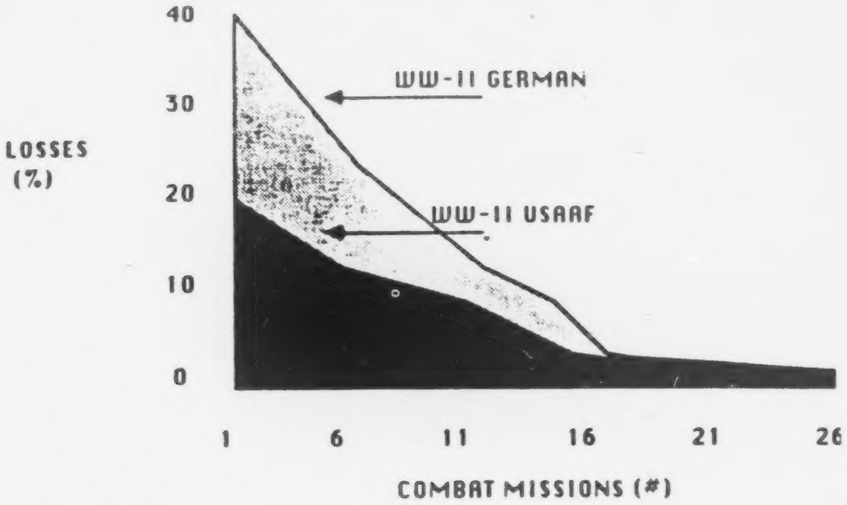
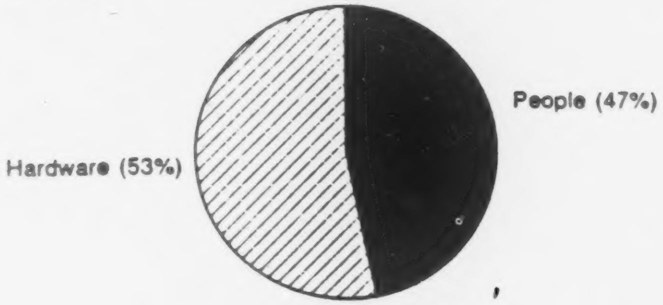


FIGURE 1 Air Combat Loss Rate

FIGURE 2 FY88 Major Budget Categories



Allocation of 6.1 Funds

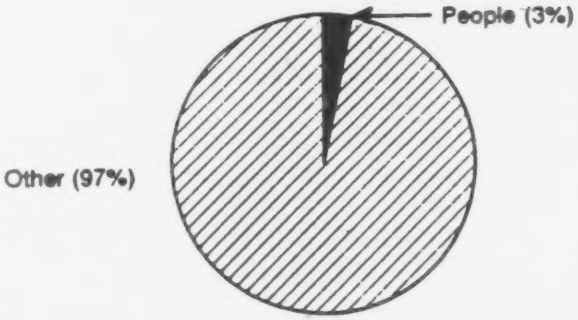
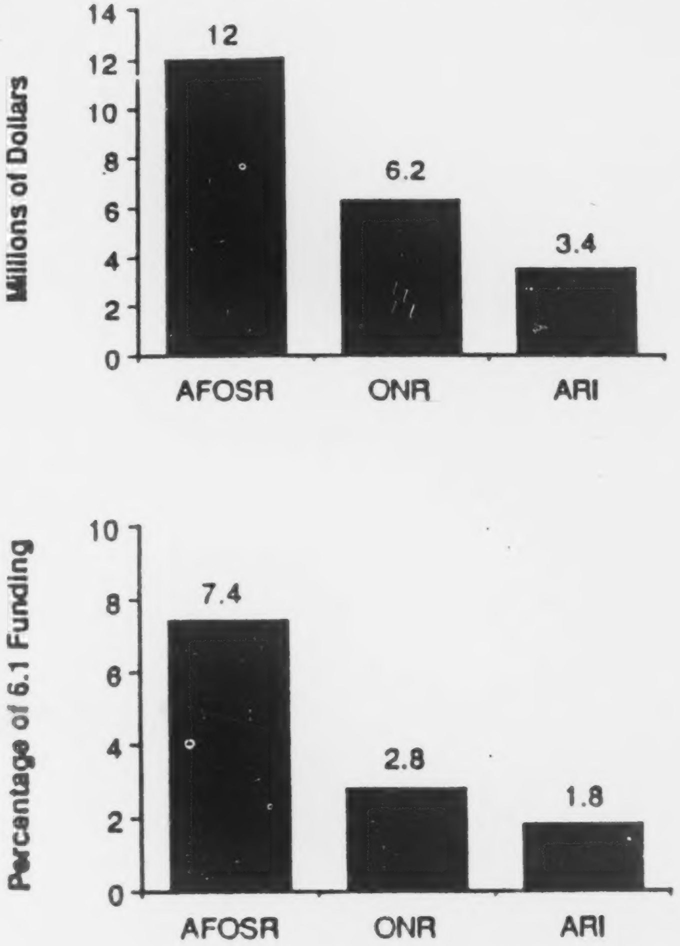


FIGURE 3 - Estimated 6.1 Behavioral Research Funding



AMERICAN ACADEMY OF OTOLARYNGOLOGY—HEAD AND NECK SURGERY, INC.

STATEMENT OF A. JULIANNA GULYA, M.D., ASSOCIATE PROFESSOR, DEPARTMENT OF OTOLARYNGOLOGY, GEORGETOWN UNIVERSITY, AMERICAN ACADEMY OF OTOLARYNGOLOGY—HEAD AND NECK SURGERY, INC.

Senator INOUYE. Our next witness is the associate professor of otolaryngology of Georgetown University, Dr. A. Julianna Gulya.

Welcome back again.

Dr. GULYA. Thank you, Mr. Chairman. It is very nice to be back here again, sir.

As you mentioned, I am an associate professor at Georgetown. I am also a practicing otolaryngologist here in the Washington, DC, area. However, I am here today as a representative of the American Academy of Otolaryngology—Head and Neck Surgery, whose membership of 9,200 comprises 96 percent of all board-certified otolaryngologists.

The specialty of otolaryngology—head and neck surgery encompasses surgeons whose expertise involves management of disorders of hearing, balance, the facial nerves, the nose, facial bones, as well as benign and malignant disorders of the mouth, trachea, larynx, thyroid, and esophagus.

Last year, as you remembered, I appeared before this committee to express the concern of the academy regarding the coordination of otolaryngology-related research among the several Federal agencies which support such research. Our major interest revolved about the degree to which otolaryngology-related research funded by the DOD may be duplicated by other Federal agencies.

As a result of that testimony, you, Mr. Chairman, caused report language to be included in the DOD Appropriations Act of 1990, which stated that the DOD "cooperate with the American Academy * * * in their planned review of Federal research programs in fiscal year 1990."

We deeply appreciate your personal interest. Because of it, we have already made considerable progress, as this testimony I believe will show.

Let me first thank, on behalf of the academy, those individuals who have been particularly helpful to us: at the direction of you, sir, Ms. Jane McMillan and Mr. Steve Cortese, also, Col. Rodney Atack, Colonel Evans, Col. Roy Sedge, and Capt. David Uddin.

The agencies of the DOD, particularly the Army, Navy, and Air Force, have established several means to avoid overlap and/or duplication in the Federal research efforts which they sponsor. The DTIC is a data base which provides information regarding the type of research being done, by whom, for what time period, and at what level of funding. Only subscribers may access this information. But the NTIS is a vehicle for the release of unclassified, unlimited technical reports and bibliographies to the general public.

Another avenue is the CIRS data base. In this data base, the U.S. Army Clinical Investigation Program provides information regarding clinical research which is in support of graduate medical education programs.

A third means of avoiding research overlap/duplication among the various DOD services is the Joint Technology Coordinating Group for Human Systems Technology. This group reviews all current research.

We conclude that there is relatively little overlap in the funded research among the major branches of the military. However, many other Government agencies are out of the loop, or at least are not specifically included in the DOD procedures, such as the Veterans Administration, the National Institute for Deafness and Other Communication Disorders, as well as many other NIH agencies, non-NIH agencies, and other Federal granting agencies.

The academy has run a DTIC search which utilized a few select key words to evaluate the quantity and quality of information which the search provides. We are currently reviewing the results of our run. As a result of these efforts, we will propose that otolaryngology-related research sponsored by DOD and non-DOD Government agencies be collected in the NIDCD information clearinghouse in order to insure participation of all appropriate Federal agencies in the loop of shared information.

The greater spread of knowledge relating to the goals of DOD research and the greater competition for DOD research dollars will result, hopefully, in a better quality of investigator/investigation the DOD obtains for its monetary investment. Also, nonmilitary implications of military-related research could be the disseminated more quickly to researchers and the public through such an information clearinghouse.

The magnitude of work required to assemble such a research data base will be considerable, for each of the Federal agencies has a different system for categorizing their investigative efforts. We propose to run and attempt to coordinate all research currently ongoing in one restricted field; namely, blast injury. In this manner, we hope to assess the feasibility as well as the resources necessary to compile a data base which includes all otolaryngology-related research.

We hope that we will have our report ready for presentation for the next year's hearings of this committee.

Thank you for giving me the opportunity to testify before this committee. I should be pleased to answer any questions you may have.

Senator INOUYE. Doctor, I appreciate your report on the progress being made.

Do you believe that we should do anything further to make certain that DOD cooperates in your coordination?

Dr. GULYA. Well, I think you have been helpful to date, sir, and we would appreciate your continued support. They have responded very readily and I have been very pleased with the assistance which they have given us.

Senator INOUYE. I am glad to hear that.

Thank you very much.

[The statement follows:]

STATEMENT OF AINA J. GULYA, M.D.

Mr. Chairman and members of the Subcommittee, I am Aina Julianna Gulya, MD, a practicing otolaryngologist here in the Washington, DC area, and I also serve on the faculty of Georgetown University. I am here today as a representative of the American Academy of Otolaryngology--Head & Neck Surgery whose membership of 9,200 comprises 96% of all board-certified otolaryngologists.

The specialty of Otolaryngology--Head & Neck Surgery encompasses surgeons whose expertise involves management of disorders of hearing, balance, the facial nerves, the nose, facial bones, as well as benign and malignant disorders of the mouth, trachea, larynx, thyroid, and esophagus.

Last year I appeared before this committee to express the concern of the American Academy of Otolaryngology--Head & Neck Surgery regarding the coordination of otolaryngology-related research among the several federal agencies which support such research. Our major interest revolved about the degree to which otolaryngology-related research funded by the Department of Defense (DoD) may be duplicated (unknowingly) by other federal agencies.

As a result of this testimony, bill report language was included in the DoD Appropriations Act of 1990 which stated that the DoD "cooperate with the American Academy of Otolaryngology--Head & Neck Surgery in their planned review of federal research programs in fiscal year 1990." My testimony today relates the progress made in achieving that goal.

Let me first thank, on the behalf of the Academy, those individuals who have been particularly helpful in our pursuit of better understanding the manner in which the DoD branches coordinate and publicize their non-classified, biomedical research efforts. At the direction of Senator Inouye, Mr. Steve

Cortese and Ms Jane McMillan; also, Col. Rodney Atack (Director of the Audiology and Speech Center, Walter Reed Army Medical Center), Col. Evans (AMED liaison to Congress), Col. Roy Sedge (Director of the Army Systems Hazards Research Program), and Capt. David Uddin (Director of Scientific Affairs, Office of the Assistant Secretary of Defense for Health Affairs).

The agencies of the DoD, particularly the Army, Navy and Air Force, have established several means to avoid overlap and/or duplication in the research efforts which they sponsor. The DTIC (Defense Technical Information Center) is a component of the DoD scientific and technical information program, and consists of a data base, accessed by key words, which provides information regarding the type of research being done, by whom, for what time period, and at what level of funding. Only subscribers may access this information, but the NTIS (National Technical Information Service) is a vehicle for the release of unclassified/unlimited technical reports/bibliographies to the general public. Some applications for defense research funds specifically question whether or not a DTIC search has been done; this requirement is most consistent with a sincere effort to avoid unnecessary duplication of effort.

Another avenue is the CIRS data base; in this data base, the (US Army) Clinical Investigation Program provides information regarding clinical research which is in support of Graduate Medical Education Programs.

A third means of avoiding research overlap/duplication among the various DoD services is the Joint Technology Coordinating Group for Human Systems Technology (an arm of the Armed Services Biomedical Research Evaluation and Management Committee); this group meets on a quarterly basis, and reviews all current research in the involved defense agencies, with a particular view towards six thrust areas.

We conclude that there is relatively little overlap in funded research among the major branches of the military;

however, many other government agencies are "out of the loop", or at least are not specifically included in the DoD procedures, such as the Veteran's Administration, the National Institute for Deafness and other Communication Disorders (NIDCD), as well as many other NIH agencies, non-NIH agencies, and other federal granting agencies.

The Academy has run a DTIC search which utilized a few select "key words" to evaluate the quantity and quality of information which the search provides. We are currently reviewing the results of our "run" of the key words "air blast in ears", "blast pathology", "barotrauma", and "eardrum rupture".

As a result of these effforts we will propose that otolaryngology-related research sponsored by DoD and non-DoD government agencies be collected in the NIDCD information "Clearing House" (part of the mandate of the NIDCD is to establish such an information clearing house), in order to ensure participation of all appropriate federal agencies "in the loop" of shared information. The greater spread of knowledge relating to the goals of DoD research and the greater competition for DoD research dollars will result, hopefully, in a better quality of investigator/investigation the DoD obtains for its monetary investment. Also, non-military implications of military-related research could be disseminated more quickly to researchers and the public through such an information clearing house.

The magnitude of work required to assemble such a research data base will be considerable, for each of the federal agencies has a different system for categorizing their investigative efforts. We propose to run, almost in a pilot project manner, an attempt to coordinate all research currently ongoing in one restricted field, namely, blast injury. In this manner we hope to assess the feasibility, as well as the resources necessary, to compile a data base which includes all otolaryngology-related research. We hope that we will have our report ready for presentation for the next year's hearing of this committee.

Thank you for giving me the opportunity to testify before this commitee and I shall be pleased to answer any questions you may have.

FEDERATION OF BEHAVIORAL, PSYCHOLOGICAL, AND COGNITIVE SCIENCES

STATEMENT OF DAVID JOHNSON, PH.D., EXECUTIVE DIRECTOR, FEDERATION OF BEHAVIORAL, PSYCHOLOGICAL, AND COGNITIVE SCIENCES

Senator INOUYE. Our next witness is the executive director of the Federation of Behavioral, Psychological and Cognitive Sciences, Dr. David Johnson.

Dr. Johnson, welcome, sir.

Dr. JOHNSON. Thank you.

Mr. Chairman, I am testifying on behalf of the 15 scientific societies and more than 130 research centers and university departments of behavioral science and education that make up the federation.

We have all been amazed by the changes that have taken place in the world in the past year. Now, tensions between the United States and the Soviet Union are reduced. There is much interest in paring back the defense budget.

In many cases that seems justified. But in some areas, the shrinking military signals a need for a greater, not lesser, concentration of resources.

BEHAVIORAL SCIENCE RESEARCH BUDGET

The behavioral science research budget is one area that needs to grow because of other cuts. Why is this the case?

When most people think of defense, they think of the hardware of defense—the aircraft, the missiles. But the fact is that one-half the defense budget is invested in people. Without them, the hardware is useless.

As the defense budget shrinks, so, too, will the number of people involved in national defense. That does not mean less attention will need to be paid to those who are left; it means the opposite. Those remaining will have to do more and do it with greater precision.

In meeting these more stringent future standards, the armed services will continue to be the victim of an American educational system that is not doing an adequate job of preparing graduates for work in demanding and technical occupations—occupations that are becoming the norm in the armed services.

To their credit, the Army, Navy, and Air Force have appreciated this problem for some time. Today, some of the most important research on learning, testing, and training is supported by the Army Research Institute Basic Research Office, and the Life Sciences Divisions of the Air Force Office of Scientific Research and the Office of Naval Research.

Also to their credit, the armed services have recognized that their excellent work must be available to teachers in civilian classrooms as well as military training sites. The emphasis in these agencies in on what they call dual-use technologies. These are advances that not only improve the expertise of military personnel, but also can improve civilian education and training.

There is great excitement about transferring military dollars to the civilian sector. What the three offices I have mentioned have been transferring is more valuable than dollars. The same discoveries that are improving the training of soldiers offer great promise for improving the teaching of children in the Nation's civilian classrooms as well.

Far from moving that money out of the research to which it is now being applied, for the good of all Americans it should be left where it is and augmented.

Across the three services, expenditures for 6.1, or basic behavioral research, amount to only $36.9 million. The figure will change to $37.7 million in 1991 under the current request. That $800,000 change represents a $400,000 cut to the Army's current $3.4 million budget, a rise from $18.9 million to $20 million for the Air Force, and a $100,000 rise, from $14.6 million to $14.7 million for the Office of Naval Research.

The Army cut means that all anticipated new research contracts for 1991, including one that would have gone to a minority institution of higher education, have been canceled. The changes at Air Force and Navy will not keep pace with inflation.

It is our conviction that this is the wrong fiscal policy to pursue. Now is the right time to increase each of these budgets.

What are these research dollars buying? They are buying improved techniques for matching the capabilities of people with the jobs that they are to perform. They are finding ways to train people for highly technical tasks in simpler, less expensive, yet effective learning environments.

Behavioral scientists helped develop simulators that represented a dramatic cost saving over using real planes or tanks. They are at work now on even less expensive and more generally available training devices. Current research dollars are also buying extremely important basic research on the nature of intelligence, research that will not only improve the way soldiers and civilians are taught, but that will move us closer to building advanced robots capable of movement guided by sight and touch, and computers whose circuitry imitates the processes of the human brain. They are buying research that will make military personnel better able to use sophisticated command and control devices in critical decisionmaking situations, including situations of extreme stress. And those dollars are buying improved safety for military personnel.

Accidents, as a host of incidents have illustrated over the past several months, are killing and disabling more military personnel nowadays than are armed conflicts.

These are dollars the Nation can ill afford to transfer elsewhere because they are already serving the military and civilian sectors extremely well. We urge this subcommittee at a minimum to see that the behavioral research budgets of the Army, Navy and Air Force keep pace with inflation. Our stronger recommendation is that at this time, it would be prudent to advance these budgets beyond the rate of inflation because the work those dollars would support is needed now more than ever.

Thank you, Mr. Chairman.

Senator **Inouye**. I thank you very much, Dr. Johnson. Your suggestions will be very carefully considered.

Dr. **Johnson**. Thank you.

[The statement follows:]

STATEMENT OF DAVID JOHNSON

Mr. Chairman, members of the Subcommittee, I am testifying on behalf of the Federation of Behavioral, Psychological and Cognitive Sciences which is comprised of 15 scientific societies and more than 130 research centers and university departments of behavioral science and education.

As Eastern Europe has moved quickly toward democracy in the past year, and as the Soviet Union has shown signs of progress toward democracy as well, a feeling has grown in the United States that we are less threatened than we used to be, that we can begin to pare back military spending and turn those dollars toward civilian uses. It appears so far that this sentiment is largely justified. At the same time, however, there is as much need as ever to exercise careful thought in deciding what parts of the defense budget it is wise to cut and what parts must be left intact or even allowed to grow.

I want to propose to you that the basic behavioral science research budget is one of the items that should not be pared back. I want to propose that this item of the defense budget is, if anything, more necessary than it was when the Defense Department was in a period of rapid growth. During that period of growth, new resources were concentrated on development of new aircraft, strategic defense technology, and upgrading of missile systems. A small amount was allocated to research on and development of human resources. In fact, during that period of growth, behavioral research continued a twenty year decline in support. This was happening despite the fact that more than half of the Defense Department budget was, and still is, devoted not to hardware but to personnel.

When there were sufficient funds and sufficient recruits, it was a luxury not to have to worry overly much about how personnel were used: whether the right person was put in the right job, whether training was accomplished in the most efficient and most effective possible manner, and whether military personnel were able to use the hardware provided them in the way it was intended to be used. To be sure, research on human behavior was carried on throughout this period at modest levels. And this research had its impact. Cockpits were better designed, simulators for safe, yet realistic training were designed and deployed. Research on educating new recruits who had difficulty with such basics as reading, writing and elementary mathematics was excellent. Despite the modest budgets, there were many successful applications of DOD supported behavioral research.

Now, however, the world has changed. With the paring back of the defense budget will come a paring back of military personnel. It is that inevitable reduction that now makes it a much more urgent matter to add resources to the behavioral research budget. When there were enough people, there was a degree of flexibility in the system. If one person failed to perform in a certain niche, there were others to put in that person's place. In the coming years, that flexibility will gradually be surrendered by the Armed Services. There will not be enough people. Fewer people will have to do more jobs and do them more precisely and efficiently than has been the case to date. And in many cases machines that imitate some aspects of human behavior will need to be used to free humans for other tasks. The means both to perfect those machines and to determine how to prepare and use the diminishing human resource most wisely and safely rest with behavioral research. That is why expenditures in this area need to grow as other parts of the budget shrink.

There is even some urgency that this budget receive greater resources. During the years of decline in the behavioral science research budget, resources were often insufficient to move every piece of basic research from discovery to development, testing and evaluation. What happened over that time was that selected lines of research were developed while a variety of relatively low-cost areas of basic research were supported in preparation for a time when they too could be developed. It is reasonable to believe now that there will be an increasing need to develop many of these lines of basic research into processes, techniques and technologies that will enable the Armed Services to do better work with fewer people and less money. The next several years of behavioral research budgeting for the Armed Services should be viewed as a period of consolidation. It is time to begin drawing the lines between the disparate pieces of basic work so that practical payoffs can be realized.

We know from demographics, for example, that the pool of recruits for the Armed Services is going to shrink even as the problems related to poor academic preparation of the nation's high school graduates becomes more serious. The Armed Services will be in an ever tougher competition with private industry for the best prepared in this shrinking pool. That set of factors will make it imperative that the Services develop much more exact screening instruments for new recruits. The Services must begin to take much greater pains to select the right people for the right jobs. It so happens that a good deal of excellent basic research has been done by the Services on screening instruments. It appears from this research that it is possible to assess not just the aptitude of recruits for the various occupations required by the Services but also to determine the level of expertise each recruit brings to the areas in which he or she shows aptitude. Basic research on differences in thought processes and evaluative schemata between novices and experts has provided the groundwork for such instruments. There is a need now to develop a variety of such instruments to the point of practical use.

While behavioral research of the past helped to develop the aircraft, tank and other simulators now used to train military personnel, there is an inherent shortcoming in these simulators. They are extremely sophisticated and, therefore, extremely expensive. That means there are few of them available. Trainee time on simulators, even with fewer trainees, will have to continue to be rationed. While those who log time in the simulators receive excellent training, their time with the device is too limited to become fully trained before having to operate the real thing. Very interesting basic research has been done to determine whether much simpler and much less expensive systems can provide more trainees with more training time. Computer software that monitors trainee development and then alters feedback accordingly has also received investigation. The combination of less expensive training devices mated with software that allows truly personalized instruction has the potential to help military personnel learn highly technical skills more thoroughly and more rapidly than is possible in current simulator devices. The need to develop that basic research into practical training devices will grow more intense as the impact of demographic change begins to take its toll on the pool of potential recruits.

There are a host of such pieces of basic research that now need to receive a sufficient concentration of resources to bring them to the point of practical utility. There are also areas of even more basic research that hold great promise for both the defense and the civilian sector. Some of the most important fundamental research on the nature of human cognition has been supported by the Armed Services. That body of research has brought us very close to grasping how it is the human mind perceives, processes and stores information. In short, scientists are much closer to understanding how the human mind learns. One suggestion from that research is that some of the ways people are commonly taught reading and mathematics are sufficiently at odds with the way the mind is designed to think that teaching actually impedes rather than aids the learning process. A great deal more work needs to be done in this area. But the potential payoff is that both civilian and military students may eventually be educated and trained in ways that are profoundly more effective than current pedagogical methods because the new methods will be developed around a deep understanding of human mental processes. Obviously this work is extremely important to both the defense and civilian sectors. Much of the best work has been done under DOD supported research contracts. There should be no displacement of that funding to civilian activities because it is already being used in a way that will have maximum benefit to all sectors. Precise models of the human learner, the human teacher, and optimal learning environments now need to be developed. The three behavioral research offices of the Armed Services should receive an infusion of resources to go on to this next step in the investigatory process. I should add that much of the same basic research that is helping us understand how the human mind works is also pointing the way toward development of computer systems that will work much faster, handle more information, and store more data than current computers by imitating the circuitry of the human mind. The potential payoff for the military and the commercial sectors is clear.

In addition to the many areas of investigation that are ready for near term development and the areas that are at a more basic stage, but whose utility in military and civilian applications if fully developed is obvious, the behavioral research units of the Armed Services perform another indispensable function. They are responsible for finding ways to protect military personnel. I am not referring here to more sophisticated vehicle armor or better evasive devices for aircraft. Instead I am referring to the perhaps surprising fact that accidents are among the most frequent causes of death or injury for those in the military. The series of well publicized accidents that have occurred in the last several months is a dramatic illustration of this fact. Accidents happen most often because of avoidable human error. A very important portion of the Defense Department's behavioral research budget is devoted to improving the safety of military life. Much work continues to be done, for example, in finding ways to make equipment safer to use. Night goggles have been linked to a number of aircraft crashes. Perception research revealed how the night goggles distort vision and cause pilot misjudgments. Modifications of the goggles and heads-up instrument displays have reduced this danger. A host of other examples can be cited, but the point is clear enough: Even though the size of the military force will decrease, the responsibility of the Armed Services to protect its personnel should not decrease. Resources for this research must be maintained.

The argument I have tried to make is that as the size of the Defense Department is reduced, the need for behavioral research and development in the Armed Services will increase because it will be necessary for the Services to use its diminished human resources much more efficiently. I make that argument because there is little indication that the Department of Defense has identified behavioral research as a necessary activity to preserve and augment. There are three major offices that carry out the bulk of behavioral research for the Armed Services: The Army Research Institute Office of Basic Research, the Life Sciences Division of the Office of Naval Research and the Life Sciences Office of the Air Force Office of Scientific Research. The FY91 appropriation requests for these three offices will not keep pace even with inflation, and, in one case, represents a severe cut. The combined budgets of the three offices in 1990 is $36.9 million. The requested 1991 level would be $37.7 million. That $800,000 change represents a $400,000 cut to the Army's current $3.4 million budget, a rise from $18.9 to $20 million for the Air Force, and a $100,000 rise from $14.6 to $14.7 million for the Navy. The cut at the Army means that all anticipated new research contracts for 1991, including one that would have gone to a minority institution of higher education, have been cancelled. It is our conviction given projected military needs that this is the wrong fiscal policy to pursue with respect to this research activity. Rather than shrinking these budgets without regard to their continuing importance for both military and civilian applications, the budgets should be increased to help assure that the Defense Department will be able to continue to meet its responsibilities despite decreased resources.

We urge this Subcommittee to see, at the very least, that these three offices receive appropriations sufficient to allow them to stay even with inflation. At the 7% inflation rate that seems likely from first quarter 1990 indices the stay even rates would be $3.638 million for 6.1 research at the ARI Office of Basic Research, $20.223 for the Life Sciences division of AFOSR, and $15.622 million for Life Sciences at ONR. We strongly believe, however, that the better and more proper action for this Subcommittee to take at this time is to raise the appropriations for the three offices by 12%, substantially beyond the rate of inflation, so that significant progress can be made toward developing the understanding, the processes, the instruments and the technologies that will make it possible for the Armed Services to provide the country with a strong defense despite greatly diminished resources. In this case, the funding levels for 6.1 research at the Army, Air Force and Navy would be $3.808, $21.168, and $16.352 million, respectively. I thank the Subcommittee for affording me an opportunity to voice these views on behalf of the more than 20,000 scientists represented by the Federation of Behavioral, Psychological and Cognitive Sciences.

AMERICAN SOCIETY OF TROPICAL MEDICINE AND HYGIENE

STATEMENT OF ROBERT E. SHOPE, M.D., PROFESSOR OF EPIDEMIOLOGY, DEPARTMENT OF EPIDEMIOLOGY AND PUBLIC HEALTH, YALE UNIVERSITY SCHOOL OF MEDICINE, ON BEHALF OF THE AMERICAN SOCIETY OF TROPICAL MEDICINE AND HYGIENE

Senator INOUYE. Our final witness this afternoon is professor of epidemiology at the Yale University School of Medicine, Dr. Robert E. Shope.

Dr. Shope, I believe you are representing the American Society of Tropical Medicine and Hygiene.

Dr. SHOPE. Yes; Mr. Chairman, I am. This is a society, a professional society of researchers and practitioners. We are dedicated to the prevention and treatment of tropical diseases.

I would like to request, first, that my written statement be placed in the record.

MILITARY'S INFECTIOUS DISEASE RESEARCH PROGRAM

I thank the chairman and other members of the subcommittee for your support of the military's Infectious Disease Research Program over the past years. It is our view that this is a program which truly bridges the needs of the military preparedness and peacetime.

In each of the last three wars, more than 70 percent of the military hospitalizations were for nonbattle diseases, including tropical infections like malaria, dengue, Japanese encephalitis, and leishmaniasis, which interfered with the ability to fight and drastically reduced the efficiency of soldiers and sailors.

Recognizing this ongoing threat, the Department of Defense's Infectious Disease Research Program has targeted major tropical infectious diseases that have the potential to impede a mission. The military's programs have been the Nation's primary source of especially trained tropical disease personnel.

DRUGS

Today, the military conducts research in drugs, in vaccines, and in rapid diagnostic technologies, and maintains eight overseas military laboratories through which trails of drugs and vaccines are coordinated.

Recently, for example, the Army's program has made significant progress toward drugs and vaccines for malaria. Malaria continues to be a serious threat to the military and other adult populations worldwide and is responsible for the death of more than 1 million children each year. In fact, the risk to U.S. servicemen overseas has actually increased with the evolution of malaria strains that are resistant to the current therapies.

Progress is also being made toward development of vaccines for dengue, a major impediment to troop strength in World War II, and today a significant killer of children in Asia, Africa, and in the tropical Americas.

EBOLA VIRUS IN MONKEYS

In another recent case, this past November, an alert researcher at the U.S. Army Medical Research Institute of Infectious Disease at Fort Detrick detected Ebola virus in monkeys imported from the Philippines. Ebola virus is known to cause fatal hemorrhagic disease in central Africa in people. Many of the monkeys that were imported and found to have this infection were destined for AIDS research and the finding of the Ebola virus in these monkeys has threatened to stop at least some of this research.

Fortunately, the Army was prepared and their diagnostic technology now will be used at U.S. airport and importation terminals to spot infected monkeys and to protect the animal handlers, the scientists, and the monkeys themselves.

TRAINED PERSONNEL LOSS

The American Society of Tropical Medicine and Hygiene is concerned that, just when biomedical contributions and opportunities look the brightest, support for this critical military program may be waning. It takes years to develop infrastructure of our military stateside and in overseas laboratories. An unfortunate byproduct of the military's historical leadership role in tropical medicine is that the manpower capabilities of the United States- are rapidly declining as tropical medicine specialists, trained during wartime, are lost to retirement.

This problem is addressed in two expert reports, Mr. Chairman, one from the Office of Technology Assessment in 1985, and the other from the Institute of Medicine in 1987. We recommend these to the subcommittee.

The conditions that these reports describe have actually worsened in the 3 years since the most recent of these reports.

The President's fiscal year 1991 budget request calls for $42.943 million for the non-AIDS portion of the Department of Defense Infectious Disease Research Program. This request does not even keep pace with inflation and the American Society of Tropical Medicine and Hygiene believes that this research is too critical to the health and medical capacity of the United States to settle for effectively declining budgets.

The program makes unique contributions of military research and training. It is not duplicated elsewhere. The society requests that the subcommittee provide stable funding, at least even with inflation, for the Infectious Disease Research Program for fiscal year 1991.

We strongly believe that the unique training and scientific infrastructure of the military's program should be maintained.

We think it must be if the United States is going to be able to insure protection of U.S. military personnel, take advantage of the current opportunities to control tropical diseases, which are presented by today's molecular biology, and make humanitarian and humane contributions overseas and at home.

This concludes my formal statement, Mr. Chairman. I would be pleased to answer questions.

ANIMALS IN RESEARCH PROJECTS

Senator **Inouye**. Thank you very much, Doctor.

In the work that you and your colleagues do, the use of animals is very much involved. I am certain that you are aware that in the past 4 or 5 years, Congress has been deluged with letters from those who are concerned about how we care for the animals in such research projects.

Do you believe that that care has improved?

Dr. **Shope**. First, Mr. Chairman, let me assure you that the scientists are as interested as anyone else in maintaining the proper care and welfare of the laboratory animal.

First, if there have been mistreatments, I believe they have been in the minority. I think that scientists have become very efficient watchdogs and are maintaining effective care and use of these laboratory animals. Most importantly, I think that this use has been directed very well toward the needs of the society in general for experimental research using animals that will benefit society.

Senator **Inouye**. Just as a matter of curiosity, do you know what the Army did on the Lake Victoria Research Center?

Dr. **Shope**. I'm sorry, but I don't.

Senator **Inouye**. Well, it may please you to know that this is the first time, in my recollection, that associations involved with animals have not testified. They have not requested time. So I may assume, I suppose, that you people are doing a good job in taking care of the animals.

Dr. **Shope**. Our society certainly appreciates the support of Congress in legislation to make these improvements possible.

Senator **Inouye**. You indicate in your testimony that the center at Koala Lumpur has been closed?

Dr. **Shope**. Yes; it has, sir.

Senator **Inouye**. What did they do there?

Dr. **Shope**. They had a major epidemiological study involving malaria. This is one of the areas where, as development of drugs progresses and as development of a vaccine progresses, that would have been a potential area for testing of these research products.

Fortunately, the Army does have other areas, sir. The area in Bangkok is one. They have a laboratory in Bangkok which has a similar program and will be absolutely essential in the future.

Our society hopes that budget cuts will not occur so that these other laboratories will be maintained.

Senator **Inouye**. We will do our best, sir.

Dr. **Shope**. Thank you.

[The statement follows:]

STATEMENT OF ROBERT E. SHOPE, M.D.

Thank you Mr. Chairman. My name is Robert E. Shope and I am Professor of Epidemiology of the Department of Epidemiology and Public Health of the Yale University School of Medicine. I am here today testifying on behalf of the American Society of Tropical Medicine and Hygiene, a professional society of researchers and practitioners dedicated to the prevention and treatment of tropical diseases, primarily infectious diseases. I would like to request that my written statement be placed in the record.

I would like to thank the Chairman and Members of the Subcommittee for the opportunity to testify today. I recognize that the Subcommittee has been supportive of the Military's Infectious Disease Research Program over the past years. The Society urges this Subcommittee to continue its record of support for tropical disease research in FY 91. In our view, support for the Department of Defense's Infectious Disease Research Program is essential to ensure the protection of U.S. military personnel throughout the world, maintain the U.S. primacy in tropical medicine, and to conquer major scourges that threaten U.S. travellers and businesspersons, as well as millions of people living in the developing nations of the world. This research represents a program which truly bridges the needs of military preparedness and peacetime.

Background

In each of the last three wars, more that 70% of military hospitalizations were for non-battle diseases. Tropical infections such as malaria, leishmaniasis (tropical sore), dengue, and Japanese encephalitis interfered with the ability to fight and sometimes drastically reduced the numbers and efficiency of soldiers and sailors.

To better manage the real and ongoing threat of tropical diseases, a Congressional directive in 1982 designated the Army as the lead DoD agency of the Infectious Diseases Research Program. This program, which is administered through the Medical Research and Development Command, has targeted major tropical infectious diseases which have the potential to stop or impede mobilization, deployment, or mission; these include: parasitic diseases (e.g., malaria and leishmaniasis); viral diseases (e.g., dengue, Japanese encephalitis, hemorrhagic fevers); and, bacterial diseases (e.g., diarrhea and meningitis). The Department of Defense maintains personnel expert in these diseases, who are ready to be deployed wherever troops go. The military also conducts research and development in drugs, vaccines, and rapid diagnostic technologies. In addition, there are eight overseas military laboratories which serve as bases for trials of drugs and vaccines.

Military role in tropical medicine

The successes of the military's efforts in this area are indisputable. It is a widely-held consensus that U.S. military-funded research and training is largely responsible for the United States's ability to address tropical disease problems in the past. Its programs have been the primary source of specially trained personnel and has played a critical role in the advancement of science in the field of tropical medicine. Recently, for example, the Army's Infectious Disease Research Program has made significant progress toward a vaccine for malaria, which continues to be a serious threat to military and other adult populations, and is responsible for the death of more than 1 million children annually. In fact, the risk to U.S. servicemen overseas has actually increased with the development of malaria strains that are resistant to current therapy.

The Army has also been a leader in the development of drugs, vaccines, and rapid diagnostics, and in applying these tools to protect the American military and general public. For example, African Hemorrhagic Fever caused by the Ebola virus has a case fatality rate approaching 90% when it infects people in Central

Africa. In the fall of 1989, an alert researcher at the U.S. Army Medical Research Institute of Infectious Disease at Fort Detrick detected Ebola virus in monkeys dying after importation from the Philippines to a Virginia primate colony. Later, other shipments were also found to be infected, and the tropical disease experts from the Army were consulted for technical advice.

As the numbers of monkeys imported into the U.S. has increased substantially in the past three years because of the critical requirement for primates in AIDS research, the discovery of Ebola virus infection was disturbing because of the risk of infection, as well as for its potentially dramatic effect on U.S. medical research efforts. However, diagnostic technology developed by the Army enabled the development of measures for use at airport importation terminals to protect monkey handlers, scientists, and other animals from this deadly infection. This episode illustrates the strategic role that the military's Infectious Disease Research Program plays in the tropical medicine preparedness of our nation.

Another significant initiative of today's Army infectious disease program is the development of vaccines for dengue, which was a major impediment to troop strength during WWII in both the Mediterranean and Pacific Theaters. Dengue is a major killer of children is Asia and affects huge population groups in Africa, Asia, and the tropical Americas. In fact, in recent years, there have been several large dengue epidemics in the nearby Caribbean and the mosquito vector for dengue is found throughout much of the United States. We had no vaccine or treatment in WWII, and we still have none. However, rapid progress is being made, both with conventional vaccines and with recombinant DNA products. Modern technological advances have created a window of opportunity which we have never had before. It is imperative that tropical medicine research scientists have the resources to follow up on the initial promising advancements in this area.

Declining capacity to respond to threat

However, just when biomedical opportunities look the brightest, support for this critical military program appears to be waning. The Society can not overemphasize the unique contribution that the miliary's Infectious Disease Research Program continues to make and would remind the Subcommittee that the threat of tropical diseases is still very real.

The eight overseas military laboratories are a necessary resource for research in the field and are unique to the military. For instance, the U.S. Army-supported Armed Forces Research Institute for Medical Sciences in Bangkok, Thailand, is one of the Army's facilities that has done the groundwork to identify and study populations with endemic malaria so that controlled trials of the candidate malaria vaccine -- which must be done in tropical countries -- may be implemented in a timely and expert fashion. These overseas sites not only serve as the bases for trials of drugs and vaccines, but they are also essential peacetime tropical medicine training sites for military doctors. However, even these unique resources are not safe from cuts -- the strategically located Medical Research Unit in Kuala Lumpur, Malaysia was recently phased out. The damage of the laboratory's closing is exacerbated by the fact that it takes years to develop the collaborative relationships with and earn the trust of local scientists, officials, and other residents, so replacing such sites is not merely a matter of funding.

An unfortunate byproduct of the military's leadership role in this area of medicine is that the manpower capabilities of the U.S. are rapidly declining, as the tropical disease specialists who trained during wartime are lost to retirement or death. The mounting problems in this area have been documented in two expert assessments within the past five years and we recommend them both to the Committee: Status of Biomedical Research and Related Technology for Tropical Diseases (1985) by the Congressional Office of Technology Assessment; and, The U.S. Capacity to Address

Tropical Infectious Disease Problems (1987) by the Institute of Medicine. These reports point to the decline in numbers of field specialists and practitioners of tropical medicine -- specialists which are fostered by the military.

The President's FY 91 Budget Request calls for $42.943 million for the non-AIDS portion of the Department of Defense Infectious Disease Research Program. This request for a 2% increase does not even keep pace with inflation, estimated in the President's Budget to be at least 4%. The American Society of Tropical Medicine and Hygiene believes that this research is too critical to the health and medical capacity of the U.S. to settle for effectively declining budgets. As the Subcommittee assesses the strength of various military programs, the Society respectfully requests that the Subcommittee recognize the unique contributions of military research and training in the field of tropical medicine and to make a specific decision to maintain this program which is not duplicated elsewhere. More specifically, the Society requests that the Subcommittee provide stable funding, at least even with inflation, for the Infectious Disease Research Program, for FY 91.

The American Society of Tropical Medicine and Hygiene strongly believes that the unique training and scientific infrastructure of the Infectious Disease Research Program must be strengthened if the U.S. is going to be able to maintain military readiness, take advantage of the current opportunities to control tropical diseases presented by molecular biology, and make humanitarian and humane contributions overseas.

This concludes my formal statement. I would be pleased to answer any questions that the Subcommittee may have.

Senator INOUYE. I thank all of you for sharing your wisdom with us and your testimony.

ADDITIONAL PREPARED STATEMENTS

[CLERK'S NOTE.—Additional statements were received by the subcommittee subsequent to conclusion of the hearing. The statements will be inserted in the hearing record at this point.]

STATEMENT OF ROBERT L. McDANIEL

I am pleased to have been afforded the opportunity to testify to this distinguished Committee regarding appropriations for the Army. I strongly believe that the Army budget request is seriously flawed and does not represent an appropriate expenditure in support of our national security interests. Although there are many areas of concern within the current budget request that this Committee will be considering, there are three areas with which I have special concern and, I believe, an insight that warrants consideration in your deliberations. These areas are-

A. A disproportionate allocation of funding to maintaining force structure at the expense of force modernization and maintenance of a viable industry base,

B. The beginning of a $40+B acquisition of LH (formerly called LHX), a proposed stealth helicopter that fails to address either the serious obsolescence in the Army's current helicopter inventory or to provide a system capable of substantial performance advantage over potential threats, and

C. A development plan for LH that will incur inordinately high developmental risk because the programmed funding and schedule are inadequate to the configuration and development goals defined by the Army.

I address you as a former member of the Army with concerns regarding its future but with no personal financial interest in the matters discussed with this statement. I believe that the statements themselves will demonstrate my qualifications to speak on these three areas.

I addressed each of these subjects in more detail at a hearing before the Senate Subcommittee on Defense Appropriations on May 2, 1990. Since my more extensive statement on these subjects is in the record, I have limited my statement here to major issues only, without significant accompanying discussion or explanation. I would refer those desiring amplification or discussion of these issues to the record of the Senate hearings.

Following the hearings on May 2, 1990, the Army responded rather aggressively to my two issues regarding the LH program. My views on both the orientation and the development risks of the program as currently defined are at substantial variance from the Army's official positions on these matters. My statement regarding the Army's budget allocations is equally at variance with current Army practice, but that issue was not addressed in the Army's response. I mention this because some may be interested in reviewing the Army's critical response to my views.

I hesitate to recommend that this Committee take the time to review that response. Unfortunately, it was hurriedly done and is so lacking in professionalism that it is embarrassing to those that love the Army, as I do.

The issue of development risk has generated particular controversy. Prior to presenting my risk assessment to the Senate hearings, I submitted it to the Secretary of the Army, and I strongly urged that he obtain other independent views on the subject because the Army's internal risk assessment was so badly flawed, in my opinion. I have received no information that he has done so.

The Army's position is that my risk assessment is not accurate, and the Army is probably correct on that judgement. During the past 30 years, I have accomplished or been a major participant in many independent reviews of the costs and risks of proposed new developments. These have included programs as varied as several Army and Navy helicopters, the C-5 and C-17 transports, the F-117 fighter, the Copperhead Guided Projectile, and DARPA's electromagnetic gun.

In retrospect, my judgements on each of them have been proven to be incorrect. In every case, the true costs and risks experienced turned out to be greater than my *a priori* estimates, frequently much greater. It is also significant that in every case, my estimates were criticized by the proponents of the programs who had all projected even lower costs and risks.

In fact, if the Army's Aviation System Command proves to be correct on their estimates for this development, it will be the first time that they have ever estimated the costs or risks of a major new development correctly since the organization was formed more than 30 years ago. I would applaud such an accomplishment, but such a happening is unlikely on this program.

A. ARMY BUDGET ALLOCATIONS DURING THE DECADE OF THE 90's

1. **THE FRAMEWORK:** All of our national leaders in defense matters have said in one form or another that political realities will result in decreased budgets and that force structures will be reduced in size. However, it is significant that they have all also affirmed that these smaller forces will be kept modern and ready (not hollow, that is).

It is unlikely that any national leader in either the Executive or Legislative branches would disagree with this thesis, at least in principle. How then can the framers of the Army's FY91 budget request and the more recent FY92-97 Program Objective Memorandum rationally argue that an adequate RDA program cannot be maintained now because 26 divisions must be retained in the force structure? Although the recent Army Program Objective Memorandum projects a reduction in active troop strength to 580,000 and 23 divisions, the associated budget allocation is still overwhelmingly to maintenance of force structure at the expense of modernization and maintenance of a viable industry base.

The principal challenge for our national leaders in defense matters in the coming years is to adhere to and manage the "smaller but modern and ready" commitment, and to assure that budget allocations truly reflect that posture. The Army's FY91 budget request is not an auspicious start.

It is my intent to argue that budget limits are the reality of the current environment and that force structure should be modern but should be sized to budget realities. It is left to others to argue that the current force size is determined by a rational national strategy and that fiscal allocations should be increased to sustain a modern force whose size and structure is compellingly determined by a defined strategy.

2. **RESEARCH AND DEVELOPMENT:** It is axiomatic that a truly modern force needs modern weapons systems supplied by a vigorous defense industry.

As a Great Power and the leader of the free world in defense matters, the U.S. has an obligation to maintain a robust defense posture containing a ready force equipped with modern weaponry supplied by a capable defense industry. No national leader would say otherwise, at least for non-nuclear tactical weapons.

Because development lead times are so long, it is not prudent to reduce the level of R&D efforts during periods of reduced potential for war or when war may not appear imminent. History has shown all too clearly that whatever the perceptions of today's threat, tomorrow will bring a change. Further, that change could come with alarming rapidity.

There may not be a clear definition of what an "adequate" R&D program may be. However, it is suggested that a viable Army R&D program should include at least one major prototype effort, one major full scale development, and two major system upgrades in each major weapons system category, categories to include armor, fire support, communications, aviation, etc.

Since each of these categories include five or more major systems, even this level of R&D intensity would see many important systems with more than 20 years service before a more modern replacement would become available. It would be difficult to argue that a program of lesser scope would provide the basis for an Army equipped with truly modern weapons.

The concept of at least one major development in each functional category would approximate the level of developments in the post-Vietnam period when the Army was developing the "Big Five" plus other important systems such as Pershing II and TriTac. It would be expected that successful developments would lead to production procurements, but not necessarily so.

Major system upgrades provide an economical means of achieving increased capability at a very modest cost, at least for two or three steps. This function also helps maintain competent design teams in industry since we cannot afford to exercise each of our design teams on full scale developments frequently enough to maintain competency.

The annual budgetary requirement to maintain a level of R&D described above must be derived in some detail but is estimated to be on the order of $15B, but may well be larger. This compares to the FY91 request of $6.0B.

To attain that goal would require a reallocation of about 12 percent of the Army's total FY91 budget request. Is that a reasonable reallocation? To argue otherwise would require a more detailed definition and costing of an R&D program that reasonably addresses the developments essential to produce an array of modern weapons on a continuing basis.

However, those that would argue that an adequate R&D program cannot be afforded now because the current threat warrants the retention of 26 ready divisions through FY91 and 23 thereafter shoulder a task that defies rationality.

3. **PROCUREMENT**: Continuing procurement at about 1985 levels is important to both a modern Army force structure and to a viable industry base. It is true that near term budgets are not expected to be at 1985 levels in real terms, but the recent changes in the perceived threat warrant force structure reductions that could sustain a healthy acquisition program within reasonable budget expectations.

Contrary to a general perception, the Army is not now substantially equipped with late generation materiel. For example, only 6,804 of an inventory of 15,984 tanks are M-1 Abrams series, and the inventory of 4,638 Bradley Fighting Vehicles is small compared to the 18,841 M-113 series vehicles in inventory. Only 1,812 of the Army's helicopter inventory of 8,643 helicopters are Blackhawk and Apache generation systems. Even M-1, Bradley, Blackhawk, and

Apache represent designs more than 15 years old, and replacement developments for these systems are in the uncertain future.

A similar accounting of infantry weapons, artillery cannon, air defense systems, and communications equipment would display similar or worse obsolescence of current inventory.

A major force structure reduction could provide a basis to salvage much of this obsolescent inventory, but even a drastic reduction to half of the current force would still leave forces and stockages with obsolescing equipment.

To estimate what an appropriate procurement level might be, it is important to recognize that the inflation rate for development and procurement of military materiel greatly exceeds the general inflation rate of the national economy. The cost of military materiel experiences both an economic inflation plus a continuing cost increase necessary to realize performance advances determined by increasing threats.

If we start with the 1985 acquisition budget of $18.6B as a reasonable base and assume that the true inflation for military materiel has been 6 percent, a baseline acquisition budget would be on the order of $26.4B for FY91. This compares with $14.3B appropriated for FY90 and $10.6B requested for FY91.

4. **BUDGET ALLOCATION**: Although the baseline R&D and procurement estimates above may provide a perspective of the inadequacy of the current RDA budget request, a rational budget process should be based on more rigorous analysis. Such a process will not be simple because it requires the definition and quantification of three key determinants that are essential ingredients to formulation of a rational budget. These determinants are:

- How the Army's troop units should be organized,
- A rational set of ground rules for computing Authorized Acquisition Objectives (AAOs), and
- The fixed costs of maintaining service schools, bases, training centers, and other base costs only loosely coupled to force size.

New organizational tables should be developed and optimized for best operational effectiveness within the context of the military environment perceived for the coming decade or so but with minimal regard for affordability. The question of affordability should be addressed by establishing how many optimized division or brigade slices could be afforded within the constraints of likely budgets.

With a defined division or brigade slice, operating costs for active and reserve component organization slices could be computed and materiel requirements identified. By assuming a reasonable materiel replacement schedule, an annual operating and procurement cost per division slice could be computed.

The size of the affordable force structure could then be computed by first adding fixed costs to the cost of a viable R&D program. This sum could then be subtracted from a most likely total budget authority to determine the total funding available to equip and operate division or brigade slices. From this, an estimate of the number of unit slices that could be afforded could then be computed, including a mix of divisions or brigades by type. This initial estimate should then be a basis to re-estimate procurement and fixed costs and adjust them, if warranted, to better match the likely force size.

It is reasonably argued that RDA programs should support a force structure determined by the threat and that forces are not a variable to support a predetermined RDA allocation. That argument is valid, but there must be a realistic relationship between force structure and budgets. This relationship has been lacking in the past as the Army leadership has chosen each year to maintain force structure in the face of declining budgets.

The results of the suggested analysis may be dramatic. It is instructive to consider the budgetary implications of reducing active and reserve forces by half, considering the FY91 budget request as a starting point. A reduction of this order would free up about $16B in military personnel accounts with, perhaps, $9B in O&M accounts (1/3 of the $26.5 requested) for a total $25B. If a viable R&D, program actually requires about $16B as suggested above, perhaps a troop strength cut of 50 percent is not enough to maintain a modern force within current budget levels.

If the process described above should determine that an unacceptably small force size results, then a rational basis would be available to argue for an increased budget. The issue then becomes whether a smaller number of modern, well organized and equipped divisions is preferable to 23 divisions equipped with increasingly obsolescent materiel, even if the smaller number turns out to be 15 or fewer. It is suggested that if these two alternatives are objectively defined, the answer would be self evident.

5. **SUMMARY**: It is my view that the Congress has a duty of to strive to maintain a viable RDA program that will ensure that a modern force structure is maintained as a prudent goal for our national security interests and is in accordance with the certain preference of our national electorate.

These goals have been expressed with the clear understanding that current budget realities will require a reduction in force structure. It is widely accepted that current perceptions of the threat would make a reduction, perhaps a substantial reduction, in force structure a preferred option to a force inadequately equipped with modern weapons.

Even without a clear and present threat to our national survival from a foreign power, the people of this nation are not prepared to disarm below some threshold of capability measured more by quality than quantity. There is a wide consensus that the last 45 years of peace in Europe is the result of our maintaining a force capable of resisting aggressions in that area and demonstrating the will to use that force if necessary.

It may well be that our long term national security interests are better served by a robust RDA program that assures the maintenance of a highly capable industry base rather than by an Army force structure of the size now envisioned in Army planning documents, given the certainty that near term defense budgets will not experience real growth.

Those that would continue to propose budget allocations so overwhelmingly protecting force structure face the danger of losing funding both for the force structure that cannot be justified by the currently perceived threat and for RDA funding that they have not requested.

B. THE CASE FOR RESTRUCTURING THE LH DEVELOPMENT

1. **PURPOSE:** It is my view that the evolution of the LH program from its initial goal of providing an economic replacement for several thousand obsolescing light helicopters in Army inventory to what has become an expensive, complex configuration that functionally competes with the Army's newest, most modern helicopter is an imprudent funding expenditure and will adversely effect the modernization of Army aviation and the Army as a whole. As a consequence, the original problem of a large fleet of aging helicopters remains unresolved and scarce investment funding is being misapplied.

2. **THESIS:** In this statement, I argue that the LH program, as currently defined, dominates Army aviation modernization funding to an adverse degree and that the Army Aviation Modernization Plan must be restructured to:

   1. Continue procurement of the AH-64 Apache to satisfy attack helicopter requirements until one of the two light attack helicopters being developed by our NATO Allies is shown to be a better option;

   2. Offer our NATO Allies use of the T-800 engine and the LH Mission Equipment Package (MEP) under appropriate license to enhance the viability of their light attack helicopter developments;

   3. Begin the immediate development of a modern light utility helicopter constrained in size and affordability by a single T-800 engine of 1200 HP; and

   4. In coordination with the Marine Corps, initiate a competitive prototype demonstration with alternative technical approaches for an advanced attack rotorcraft with performance goals substantially greater than now available from Apache or other conventional helicopters.

3. **THE GENESIS OF LH:** In 1980, Army planners found themselves with an inventory of nearly 9,000 helicopters of four major classes, all of which were approaching technical obsolescence and the end of acceptable service lives. These four classes could be described as light and medium utility, cargo, and attack. Some of the utility helicopters were equipped with specialized mission equipment and thus became dedicated special purpose aircraft.

Over half of the Army inventory of helicopters was comprised of light utility helicopters performing numerous roles for which Blackhawk was needlessly large and expensive by a factor greater than two. All of the initial briefing and programming documents supporting the LH development identified 6,000 light utility helicopters in inventory which LH was intended to replace.

These factors are still relevant and essentially unchanged from the LH program's inception in the early 1980s. The need to provide an economic replacement for this aging inventory was widely recognized, and the Justification for a Major System New Start (JMSNS) towards this end was readily approved in 1983.

4. **LH IS REDEFINED:** Even before the JMSNS was formally approved, a number of decisions and management events occurred which together resulted in a drastic reorientation of the LH program from the original program goals. Among the most significant were:

   a. Separate decisions by then USA James Ambrose that LH would (1) be a twin engine aircraft and (2) would incorporate engines of 1200 HP each. This decision immediately defined an aircraft well beyond the power, weight, and cost class of the light utility helicopter inventory that LH was intended to replace. To provide a perspective, the utility aircraft to be replaced were all single engine with about half equipped with 300 HP engines and half with 1400 HP.

b. The realization that the Apache attack helicopter was going to be much more expensive (and hence less affordable) than had been promised by program officials. This factor, coupled to the engine decision, gave rise to a notion that an attack variant of LH would be feasible and could result in a less expensive alternative to Apache.

As enthusiasm for this new concept bloomed, the attack configuration dominated the LH design process to such an extent that the utility version became unacceptably expensive and was dropped from the program. This event, and other factors, doomed any potential for an attack configuration of LH to be less costly than procuring more Apaches.

c. The emergence of low observable (LO) technologies which were embraced by the attack LH variant proponents, at least in part, to provide a distinctive characteristic not inherent or reasonably incorporated in the Apache. Commitment to this technology without benefit of an LO helicopter technology demonstrator effort has been an area of concern because of the uncertainties regarding technical risk, cost, and supportablity in the field. Further, there remains substantial controversy regarding the merits of LO for a helicopter employing low level tactics and active counter-measures.

d. The establishment of a significant air-to-air role for LH, in response to a perceived counter-air threat evolving from the Soviets. This new emphasis generated severe requirements for agility and maneuverability which further distinguished LH from Apache and diminished the potential for component commonality with a utility configuration. Artificial constraints on the design process resulted in an emphasis on aircraft maneuverability rather than weapons flexibility to enhance air-to-air engagements.

e. Action by the Army, in response to an OSD initiative, to constrain the LH design to an empty weight of 7,500 lbs. (down from 8,100 lbs. in 1988) and a unit flyaway cost of $7.5M (down from an uncertain $9.0M). The full implications of these limits are highly uncertain. There is wide skepticism that they are lasting. These limits were arbitrarily established, without any evidence that they are balanced or could result in a cost effective design.

f. The establishment of two other developments within the NATO Alliance for helicopters of comparable configuration, power, weight, performance, and technology as the currently defined LH. Our NATO allies have been struggling for more than a decade to acquire a modern attack helicopter. National considerations have precluded, at least until now, procurement of the Army's Apache. There has been recent agreement by the FRG and France to develop a new attack helicopter called PAH-2 by the Germans. The UK and Italy have a more tentative agreement to develop a comparable attack helicopter called Light Attack Helicopter or LAH.

As the emphasis of the LH program evolved to a sophisticated attack configuration with tandem seating for its two man crew, it was variously termed Light Attack, Scout-Attack or SCAT, and, more recently, Armed Reconnaissance. Without question, the attack LH could perform any of these roles. However, our experience would indicate that the scout and reconnaissance roles are better performed by modifying a light utility helicopter with side-by-side crew stations that could be acquired in substantial quantities. As the Army has done so effectively with the OH-58D, a modern light utility helicopter could be equipped with specialized electro-optical equipment and weapons to enhance its use in observation, scout, and reconnaissance roles.

5. **ANOTHER REDIRECTION IS WARRANTED**: The current LH program fails to provide either:

1. A replacement for the several thousand light utility helicopters in the Army's inventory which are unarguably approaching the end of their service lives; or

2. An aggressive response to emerging threats, evolving operational doctrine, and a new focus on a more global orientation which would warrant the better range efficiency and greater speed capabilities of advanced rotorcraft configurations with which the U.S. has an undisputed technological lead.

Further, the focus of virtually all Army aviation R&D and procurement funding towards LH alone is a severe misapplication of assets and is aggravated by the fact that the $40.9B program costs ($3.9B R&D, $37B production) cited by LH program managers assuredly understates the true program cost.

It has been glibly stated by some that the light utility helicopter requirement can be satisfied by a non-developmental item (NDI) acquisition. That may be so, but no such acquisition is funded in the Army POM nor in the Army Aviation Modernization Plan. Nor is it apparent that there is a suitable NDI helicopter available that should be prudently acquired to comprise more than half of the Army's helicopter inventory.

Until a specific NDI acquisition program is defined and assessed, it would be highly presumptuous to assume such a handy solution to such a major problem, the very problem, in fact, that initiated the LH program as a new development imperative nearly ten years ago. If an NDI acquisition warrants serious consideration, it should be for the two light attack helicopters being developed by our European Allies. There is no comparable development for a military light utility helicopter, which is the Army's most serious obsolescence problem.

Some have even proposed a major service life extension program for the current light utility fleet with new engines, rotors, avionics, and other major components. This proposal was a viable alternative, perhaps, in 1980, but is so specious at this time that it hardly warrants mention. The time phasing needed to develop and implement such a program would consign the Army to continued operation of helicopters more than 50 years old. Further, such a massive effort would require substantial funding not in any projected budgets, if aviation acquisition funding continues to be directed so preponderantly to an attack configuration for LH.

There is ample basis to consider reorienting LH from its initial goals to provide a replacement for the large inventory of light utility helicopters oriented towards a more aggressive and lethal combat role. There have been significant changes in the perceived threat and global orientation of Army forces since Apache was designed. In addition, Army AirLand Battle doctrinal trends envision battlefields extended in depth and width coupled with higher tactical movement rates.

These factors would tend to favor an advanced configuration with better range efficiency and speed potential than available with a conventional helicopter. Neither the doctrinal basis nor the technology for such an option was available when the Apache was developed. However, both are now changed, the technology by virtue of the successful XV-15 program, the ABC demonstration, and the Marine Corps V-22 development.

These considerations would seem to indicate that our forces going into the next century will need and that technology could support a much more capable aircraft than an LH constrained to a conventional helicopter configuration.

To those who would argue that a single T-800 engine is not enough power, it should be noted that the T-800 provides four times the power of the highly successful and affordable OH-6 and OH-58 helicopters, twice the power of the armed AHIP, and comparable effective power of the UH-1H helicopters. Any significant amount more would define a helicopter beyond the power and weight class of the helicopters it is intended to replace with adverse cost consequences.

C. AN ASSESSMENT OF DEVELOPMENTAL RISK FOR THE ARMY'S STEALTH HELICOPTER

1. **PURPOSE**: It is my purpose here to present an assessment of cost, schedule, and performance risks associated with the proposed LHX helicopter development. The validity of the requirement is not addressed in this section, although I have strong views that the requirement is not a proper priority for the planned funding, as expressed above.

2. **FINDINGS**: The general findings of this assessment are that -

- Technology enhancement efforts related to LH prior to Milestone II have been enormous, reportedly at a level of over $1.0B; however, the effectiveness of these efforts has been diluted by frequent changes of program focus. Despite impressive advancements to date in helicopter and mission equipment technologies with potential application to LH development, the reach of the program's aspirations is beyond attainment within budget and schedule constraints now being proposed.

- Significant program goals and operational parameters cannot reasonably be achieved with the program as currently structured. Unit procurement and program cost goals, reliability and maintainability specifications, operating costs, software performance, signature suppression, and system weights are, perhaps, the most clearly unachievable program goals now specified as required.

- Other significant parameters would require technical achievements well beyond our experience base and could be achieved, perhaps, with difficulty, but full achievement is not likely. These include dash speed, ferry range, target detection and acquisition performance, gun accuracy, sustained combat tempo, ballistic protection, and crew compartment pressurization.

- Criteria established to define successful completion of the Demonstration/Validation Phase and readiness to begin Full Scale Development fail to address a level of acceptable accomplishment for several significant risk areas.

- Program and technical risks of the LH development are substantially aggravated by inordinate management actions that have precluded candid and professional appraisal and design trade-offs by government and contractor personnel involved.

- Program risk could be diminished to some degree by-

  (1) Competing both design teams through a full system fly off,

  (2) Extending the period of FSD by about three years,

  (3) Providing for effective transfusion of the better concepts and subsystems from the losing design to the selected design.

3. **UNPROFESSIONAL PROGRAM INFLUENCES**: Since early in its formulation, the LH program has been burdened by unprofessional program influences that have adversely constrained the definition process and have restricted candid and professional appraisal and design trade-offs by both industry and government program participants. Although other programs have suffered similar impediments, one would be hard pressed to find a successful development that has had such a difficult birth or whose definition has been so dominated by an appointed official, now departed.

This difficulty for LH is largely the result of the management style and program decisions of former Under Secretary of the Army Ambrose. By a series of well intentioned but highly arbitrary program decisions, he preempted a structured definition process, and by an imperious management style, he precluded effective discussion of program issues with knowledgeable Army and industry officials. Many of his decisions were capricious and contradictory; their adverse effects have been lasting.

These and other decisions preempting the normal definition processes resulted in a pattern of artful cost and weight accounting, less than candid appraisals by program participants, and passive reviews by senior and knowledgeable Army officials.

In November 1987, reports from RAND and IDA disclosed that mandated cost and weight limits were not consistent with the configuration being pursued by a substantial margin and provided more realistic and higher estimates, estimates not refuted by program officials. These disclosures resulted in a major perturbation of the program. Specifically, OSD directed deletion of the utility configuration and mandated new constraining but also arbitrary weight and cost limits, probably also unenforceable. These new limits were constraining but still substantially larger than earlier limits ineffectively imposed by Mr. Ambrose.

These new limits were embraced by senior Army authorities as a cost containment measure and have become controversial imperatives in current program descriptions. It was left to Army and industry program advocates to define a system that could pass cost effectiveness assessments within these constraints or risk the loss of their program. This is a challenging task since three COEAs completed by the Army previously had found other, lighter and less expensive, configurations to be the most cost effective.

A "speak with one voice" discipline has been imposed on Army and industry program participants by senior Army management and enforced to a degree that has further compromised the integrity of the acquisition process.

This factor is best illustrated by the Army's current response to the 20 January 1988 Deputy Secretary of Defense memorandum directing a "major refocus ... to ... acquire a light weight, low-cost helicopter". This refocus has claimed major reductions in LH weight and cost, but with no significant reduction in LH's initially claimed functional capabilities.

In fact, the refocused configuration is being portrayed as being achievable with no reductions to crew size, missile load, maneuver criteria, dash speed, vertical rate of climb, ferry range, mission endurance, navigation accuracy, sensor performance, ballistic hardness, and stealth parameters.

This situation has generated increasing but private dissent from knowledgeable Army and industry program participants, but official voices remain severely constrained by the "one voice" discipline and industry concern about losing a program in which there has been substantial industry investment.

4. COST RISK: This assessment will not attempt to estimate program cost but will focus instead on the uncertainty of LH cost projections. Other efforts are underway to provide senior acquisition managers with independent cost estimates.

a. Cost Uncertainties: The uncertainties of program costs for new weapons system developments has been a perennial problem area for decades, one that has eluded successful resolution by any of several substantial initiatives intended to improve the effectiveness of cost estimating practices.

Several factors contribute to the difficulty of this problem for most new developments, but especially for LH. These factors include-

- A persistent and fully understandable optimism regarding true costs by program managers and weapons system proponents,

- A growing and pervasive array of bureaucratic interests of testers, trainers, maintainers, safety specialists, TQM authorities, auditors, and other groups of special interest or overwatch that have virtually unconstrained authority to require extensive and expensive actions or processes in a program without a corresponding responsibility to provide relevant funding,

- A growing technical sophistication in weapons systems that results in program managers being increasingly dependent on an army of technical specialists, each desiring to ensure that his area of specialization challenges the state of the art but none of whom have significant responsibility or appreciation for the costs of their specifications on the program,

- A fundamental and fully understandable inability to identify *a priori* all cost components of a system not yet designed coupled with a reluctance by budget managers to allocate a significant "management reserve" or contingency fund that has not been shown to be necessary,

- A requirements definition process that has consistently been unable to couple materiel quality and quantity issues to force design and budget imperatives,

- Rapid technological advancements that have greatly diminished the effectiveness of classical parametric cost estimating techniques, and

- Inevitable delays resulting from technical difficulties, funding shortfalls or maldistributions, budgetary changes, and production rate reductions that result in higher costs than those projected for a more optimum progress initially envisioned.

In addition to these general factors that diminish the effectiveness of cost estimating practices for virtually all new systems, the LH program is fraught with additional and inordinate factors that tend to lessen further the validity of cost estimates now being presented for the LH program. These inordinate factors include-

- A situation that has arisen in which acquisition managers at program level and associated industry participants must portray "attainment" of a $7.5M unit cost to proceed with the development but must also promise the officially designated "user" his performance dictates to retain validation of the system's need,

- A general perception that the $7.5M unit cost limit is not likely to be enforced beyond the tenure of the current management hierarchy, a perception derived, at least in part, from the Black Hawk and Apache experiences where comparable unit cost limits were established and portrayed as being achieved throughout the development but which were exceeded with impunity for production by a factor four or more, and

- The incorporation of advanced technologies relating to composite structure, stealth provisions, MEP software, Long Bow incorporation, imbedded training systems, directed energy hardening, and other technologies for which there is an inadequate experience base on which program costs could be estimated with confidence.

There is one other significant and increasingly troublesome factor that is aggravating the quality of cost estimates for weapons system developments in general that warrants special mention. This factor is the increasing infrequency of system developments that precludes both government acquisition specialists and industry design teams from the learning experience of more than one or two developments per career span.[1]

b. Enhancing Cost Confidence: Substantial delays in the start of FSD after LH design teams were initially formed have provided about six years of intensive technical effort directly related to LH. This effort is reportedly about $0.43B of corporate funding and $0.6B (FY90$) of Army funding[2]. This very substantial effort has, without question, done much to help in system definition and the defining the scope, cost, and risk of the development.

Also without question, a not insignificant portion of this expenditure was used on earlier issues relating to utility/attack configuration designs to enhance component commonality, a configuration with a much more constraining weight limit, single pilot operation, helicopter versus tilt wing configurations, changing signature suppression goals, and other technical issues with marginal contribution to the current focus of the program. In fact this turbulence has continued during the past 12 months as rules for counting the weight and cost of kits and subsystems and stealth specifications have been changed with a clear impact on the system design.

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[1] If LHX proceeds as envisioned by proponents, it will be the first new U.S. military helicopter development in over 15 years, only the third new Army helicopter development in over 25 years.

[2] Another $400M has been expended on the T-800 engine development intended for use on the LHX and other applications.

It should be expected that this extensive effort would have very substantially reduced the uncertainty of developmental cost, but, significantly, not to a level of confidence that the contractor teams are willing to accept the development on a fixed price contract, at least not at the development cost the Army has indicated as required.

c. Unit Production Cost: The cost issue that has had the greatest visibility and attention is the average unit flyaway limit of $7.5M (FY 88) mandated by the Secretary of Defense and seriously endorsed by senior Army officials. It has been generally and openly acknowledged that the Longbow weapons system is not included in that limit.

It is instructive to consider LH costs from different perspectives. Consider first the Army's official position that the program cost to acquire some 1,875 LHs will be $39B or over $20M apiece. Recent Army briefings have compared $10.1M as "what we paid" for Apache to only $7.5M projected for LH. Of course, the $20M program unit cost for LH is not comparable to the $10.1M procurement unit cost for Apache, but then neither is the $7.5M LH cost comparable to the $10.1M for Apache, despite the Army's portrayal of comparability.

This perspective is not intended to imply that Apache is necessarily a better buy than LH, but merely that acquisition authorities considering the merits of LH should view with a healthy skepticism the notion that LH procurement in lieu of more Apaches would result in a cost savings, as claimed by LH proponents.

d. Operating Costs: There are comparable uncertainties related to operations and maintenance costs. Recent Army briefings have compared the cost per flight hour of Apache of $4,765 with only $2,698 projected for LH. This comparison is so baseless that it hardly warrants comment. The claim that flying hour costs for a helicopter that is not yet designed or even configured in detail could be estimated to four significant figures with any validity is simply absurd.

It is not possible to estimate with confidence the future operating costs of LH. However, considering its substantially increased mechanical and electronics complexity compared to Apache, LH operating and support costs could be lower only if the scope of the development were expanded substantially in time and funding to provide sufficient resources and time for an intensive focus on reliability and maintainability design, engineering, and validation.

e. Development Costs: Development cost risk is aggravated by a mismatch between the programmed budget allocation profile and the associated development schedule, a mismatch acknowledged by government and industry managers alike.

There is also substantial risk related to the magnitude of the programmed funding for the development. The current funding estimate provides a very marginal number of prototypes and an inadequate reserve for contingencies (only five percent of total R&D). Since the program contains exceptionally challenging development goals, extensive software, imbedded training requirements, and other complex development tasks beyond our experience and with large uncertainties, development cost risk must be judged inordinately high.

6. SCHEDULE RISK: It has been the general experience that weapons system developments encounter unanticipated schedule delays caused by technical difficulties, budgetary constraints, performance or configuration changes, and other causes. The issue here is not whether the proposed development schedule can be assured but whether it is reasonable considering the task to be accomplished.

Since we should learn from our experience, it is instructive to compare the schedule proposed for LH with the development schedules realized for the two most recent successful helicopter developments, the Black Hawk and the Apache. Subsequently, the comparability of these three programs will be assessed.

The following table portrays key milestone from the actual schedules realized for the Black Hawk and Apache developments with the development schedule now being proposed for the LH:

MONTHS BETWEEN KEY EVENTS

EVENTS	BLACK HAWK	APACHE	LH
1. Dev CA to Prod CA	60	102	48
2. Dev CA to 1st Prod Del	75	128	62
3. Prod CA to 1st Prod Del	28	28	18
4. Dev CA to Opn Status	88	157	72

No two programs are ever exactly comparable but most have many common functional phases such as design, fabrication, and test. The acquisition strategy selected for any new development is a determinant of the minimum practicable schedule and the risk of schedule slippages. These three helicopter programs were structured with three substantially differing acquisition strategies.

The strategies designed for each program reflected perceived risk primarily but with some consideration to urgency of need. These strategies are described as follows:

- The Black Hawk development was conducted with two competitive designs through Engineering Development, with both competitors awarded Producibility Engineering and Planning contracts to facilitate entry into the production phase. In addition, the winning contractor was awarded a Maturity Phase contract concurrent with the production contract to incorporate significant engineering changes found to be needed during the fly-off evaluation. This development was preceded by five years of program definition and risk reduction efforts. Flight performance goals were claimed to be modest and installed mission equipment was considered minimal. The major foci and the challenges of the development were (1) a Design to Cost mandate, (2) Maintainability and Reliability criteria, and (3) C-130 transportability.

- The Apache development was conducted with the aircraft and mission equipment package (TADS/PNVS) proceeding separately through competitive prototype fly-off select downs, with the winning airframe and winning mission equipment package completing development and integration during Full Scale Development. Flight performance goals were considered modest, and the technical risk of the advanced TADS/PNVS system was minimized by competitive, parallel efforts to assure against failure. The overwhelming focus of the development was a $1.4M unit flyaway Design to Cost limit, presumably assured by competitive developments of the aircraft and separately for its mission equipment package.

At least in theory, the acquisition strategy proposed for LH is more direct and could result in a shorter overall schedule. However in practice, the redundancy and competitive pressures of parallel approaches in the other two strategies tend to insure against technical difficulties or failures, thus reducing the risk of schedule slippages. Perhaps, the proposed LH strategy would have been more appropriate for the relatively simple, straight forward Black Hawk system, and the Apache strategy more appropriate to the complex, highly integrated, system dependent LH.

7. **PERFORMANCE RISK:** It is instructive to consider performance or technical risks of the LH weapons system by first assessing the risks associated with the basic aircraft and then addressing the risks associated with the Mission Equipment Package (MEP).

a. Development Experience: There is a general perception that the major development risk associated with the LH is with the MEP and that the aircraft risk is minimal. To test this perception, it is reasonable to review some of the difficulties experienced with the Black Hawk and Apache developments, helicopters that are significantly simpler and with more modest performance goals than the LH.

Significant problems encountered but not anticipated by the winning Black Hawk design during development included-

- Change of blade airfoil to achieve required load factor
- Increase rotor diameter to achieve required hover performance
- A major change in stabilator configuration for flying quality and structural reasons
- A reduction in vertical fin area to enhance sideward flight
- Redesign of tail rotor mount and control to reduce loads
- Redesign of landing gear sponson to reduce drag
- Change of tail rotor gear box design to accommodate an lubrication system vice a grease lubrication
- Redesign of flight control system to correct unsatisfactory control harmony
- Redesign of rotor control servos to accommodate higher than anticipated flight loads
- Increase size and pressure of main tires to correct a ground resonance problem
- Raise the rotor hub 15 inches to eliminate rotor loads and vibration problems
- Redesign of the aft nacelle configuration to correct a vibration and buffeting problem
- A drastic redesign of the flight control system from fluidic technology to electrical/mechanical

The competing design experienced comparable or greater difficulties in numerous areas.

Although the Black Hawk is praised by operating units, the development failed to meet significant "requirements" and program goals. For example, it failed to meet the desired cruise speed of 175 knots by a large margin; the minimum acceptable speed of 145 knots was achieved only by the artful contrivance of a relaxed definition of power available.

Perhaps more important to this assessment, Black Hawk failed by large margins to meet the three design goals most highly touted and portrayed as inviolate; they were (1) unit fly away cost, (2) operating costs less than UH-1, and (3) C-130 transportability.

It is also significant that this development was preceded by five years of definition and risk reduction technology and that developmental goals were constrained to minimize risk.

The competitive prototype program that resulted in Apache experienced even greater difficulties with the basic aircraft development. The winning design had several major changes to the empennage configuration, never came close to the initial gun accuracy requirement, and had numerous other technical air vehicle difficulties. Neither design met either the vertical rate of climb or the minimum forward cruise speed requirement with the specified engine[3].

Even with a significant engine modification to increase available power[4], the minimum acceptable cruise speed "requirement' was met only with a technical contrivance during acceptance tests.

In addition, many other developmental goals were not fully achieved, most notably maintainability and reliability. A continuing software problem that has precluded the use of the back-up fly-by-wire flight control system for several years is also relevant.

In substantial contrast to these earlier designs, it cannot be claimed that the basic LH aircraft reflects modest developmental goals, arguably achievable but not comparably modest.

b. Signature Reduction: Leading the list of technical risks for the LH basic aircraft development must be the severe signature reduction specification. Signature reduction leads the list not necessarily because it is the most clearly unachievable goal but because signature reduction adversely impacts on other areas of difficulty.

Design, engineering, and manufacturing considerations to achieve the required signature reduction specification adversely effect the attainment of goals for development, production, and maintenance costs, weight, speed, range, reliability, repairability (especially battle damage repair), MEP integration, and operational availability. Conversely, low observable design features may facilitate achievement of TEMPEST criteria and EMI, EMP, and directed energy (HPMW) protection.

A detailed discussion of the technical difficulties of achieving given levels of radar signature reduction in the static and doppler regimes is highly complex, well outside the scope and management perspective of this paper. Managers interested in exploring this issue in some detail are referred to the critical assessment in IDA Paper P-2285 "ACTIVE AND PASSIVE AIDS FOR LHX SURVIVABILITY (U)", SECRET, dated January 1990.

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[3] The alternative design missed the minimum speed requirement of 145 knots by a devastating 22 knots.

[4] The adverse consequence of this engine growth was substantial; it was loss of engine commonality with Black Hawk.

Compromises to reduce signatures result in higher structural weight and cost, increased drag, increased fuel consumption, more difficult servicing and repair, and increased maintenance compared to a comparable design without the low observable requirement. The magnitude of these penalties is arguable but that the full consequences of these compromises is uncertain without question, perhaps highly uncertain. For these reasons, the signature reduction criteria must be considered the area of most severe risk associated with the LH development.

c. Flight Speed: A dash speed[5]capability claimed for LH is 170 knots, about 10 percent greater than any current operational helicopter, but comparable to that projected for new Soviet helicopters. Although a 10 percent performance increase would not seem inordinate for a new generation system, it is a concern for LH. It is a concern because the LH rotor has other critical performance requirements that preclude optimizing the rotor geometry for the high speed requirement.

The LH rotor has three other critical performance requirements which must be accommodated in the rotor design and which generally are inconsistent with the characteristics of high speed rotor design imperatives. These are (1) a demanding but not inordinate vertical rate of climb requirement, (2) an unprecedented requirement for a 1.9 G maneuver capability a V_{br}, and (3) an unprecedented in an operational system aural detection criteria at an intermediate speed. Achievement of any of these four requirements would be readily achievable individually but will experience high risk with a rotor design compromised to achieve them all with a given geometry.

An assessment of technology readiness for LH conducted by the Army in 1984, fresh from their Black Hawk and Apache high speed difficulties, structured and budgeted an experimental and analytical program to develop the technology for an advanced rotor capable of flight speeds well beyond our current experience. The program was intended to include two efforts, designated Bearingless Main Rotor and Advancing Blade Concept.

The program was well planned and highly warranted; however, the Bearingless Main Rotor effort was never implemented as a result of a change in funding priorities and the Advancing Blade Concept effort was a technical failure. Elements of the intended Bearingless Main Rotor program have subsequently been completed, in part, as contractor initiatives.

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[5] Dash speed is defined as the speed obtainable with Intermediate Rated Power (IRP), a time limited rating, compared to maximum cruise speed with Maximum Continuous Power (MCP).

A more recent and authoritative assessment[6] of the difficulties of high speed helicopter flight concluded that our analytical tools are inadequate to estimate "rotor vibration loads, and flight control system loads, overall vibratory levels, as well as aerodynamic capability". These factors are all critical to the attainment of operational helicopter flight speeds in excess of about 150 knots.

Beginning with production Lot III, it intended that LH will be equipped with the Longbow weapons system, as described below. This system includes a large mast mounted radar that has a significant adverse effect on drag and, hence, speed. That LH cannot meet the touted 170 knot speed capability with Longbow installed is generally acknowledged. How this issue will be addressed in the ROC must await the completion of that document because the aircraft specification now provides no language recognizing a lower speed capability as acceptable when equipped with Longbow

d. The Mission Equipment Package (MEP): Many would argue that the MEP is the greatest technical risk component and few would argue otherwise if unit cost, operating costs, and RAM[7] goals are excluded from consideration as "technical" or performance risks.

The LH MEP has had a turbulent history with many changes in focus and with frequent well intentioned but disruptive guidance mandates from various sources. Early in the LH program's conceptualization, a much lighter, more affordable system was envisioned, and a relatively simple and modular MEP was envisioned that could be readily tailored for the many different roles.

The full magnitude and complexity of this task remains uncertain by a large margin. Many software intensive functions required for the LH system are not yet defined and are without a comparable precedent on which estimates could be based. Examples include a complex imbedded training system, a sophisticated mission planning system, an integrated logistics system, complex weapons control systems, complex image processing, and a comprehensive integrated training concept.

Others involve technically sophisticated concepts that have defied solution for years, such as the target acquisition system that must process multi-spectral imagery to detect and classify battlefield targets with a fidelity far beyond our successes to date. Although the target acquisition system is dependent on advances in spatial and thermal resolution of multi-spectral sensors and advanced algorithms to achieve the required performance, the sensors and related algorithms are highly software dependent and the scope of this effort is highly uncertain.

The electronic devices in the MEP array must meet unprecedented levels of electrical hardening against inadvertent electromagnetic energy but also against EMP and directed energy weapons (HPMW). Optical system must perform at new levels of sensitivity and resolution while protected from laser weapons, two contradictory requirements.

e. Other Significant Risks: This complex aircraft system has many other areas of potential development risk but to assess each meaningfully would grow this paper beyond the interest of its intended audience. However, it is instructive to identify additional areas beyond our experience and therefore must be considered to be a concern.

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[6] The Alexander A. Nikolsky Lecture presented at the 1989 Annual Forum of The American Helicopter Society by Mr. Charles C. Crawford, Head, Aviation Technology Branch, Georgia Tech Research Institute and former Technology Director, U.S. Army Aviation Systems Command

[7] Reliability and Maintainability (RAM)

The Longbow weapons system has been shown to be important to the effectiveness of LH, assuming that Longbow meets its developmental goals. Following a lengthy PoP phase, Longbow has recently entered an FSD phase for integration onto Apache with initial production deliveries scheduled for late CY93.

One clear lesson of our history of military developments is that we must frequently press beyond proven technology to meet continually advancing threats, but when we do, we can expect increasing difficulties that manifest in schedule delays and increased costs. Another lesson that we seem to not learn is that we are capable of frequent self delusions regarding the risk of advanced weapons systems. It has been our consistent experience that completely unanticipated problem areas have proven to be the most meddlesome.

Additional areas of, perhaps, inordinate risk in the LH program that have not previously been identified include-

- Normal, lateral, and yaw maneuver criteria beyond our experience
- Extensive use of composites for primary structure
- Employment of novel counter-torque/yaw control concepts
- Densely packaged electronics requiring extensive cooling
- New gun developments with unprecedented accuracy goals
- Rocket delivery accuracies well beyond our experience
- A pressurized fuselage serviced with air filtered of nuclear, biological, and chemical agents for which there is no precedent
- Extensive use of on board fault diagnostics
- A new engine development by an inexperienced design team
- A ballistic hardening goal that avoids the issue of sensitive explosives in the on-board missiles
- In flight auto alignment of weapons and optics

f. Operating Costs: This issue warrants a special discussion because it has been a key factor in justifying the LH for at least the past six years and because it is one of the principal developmental goals that is the most clearly unachievable. Further, it relates directly to other important and highly claimed developmental goals such as maintainablity and reliability.

The uncertainties of operating cost estimates are addressed briefly in Par. 5d, above. This section will focus on the factors that make current projections of operating costs unrealistic. The emphasis will be on relative costs (relative to known systems) because absolute cost factors are fraught with definitional and other difficulties.

Early presentations in support of the LH program identified about 7,000 helicopters in inventory that were obsolescing and required replacement. This inventory targeted for replacement by LH consisted of about 6,000 utility helicopters and about 1,000 AH-1

Cobras. The utility helicopter inventory consisted about 2,300 very light (about 1,500 lbs empty weight) utility helicopters and about 3,700 UH-I (about 5,200 lbs empty weight).

As the program progressed in its definition process, the LH grew in cost and sophistication beyond what was considered to be an affordable light utility helicopter and that configuration was terminated. The notion that the current attack configuration could be less costly to own and operate than Cobras lost any sense of credibility, and more recent cost comparisons have compared procurement and operating costs of LH to the costs of Apache

This experience with the earlier developments does not provide a basis for confidence that the LH development will provide a system with operating costs more favorable than Apache as advertised. In fact, the LH is extensively more mechanically complex than Apache and hugely more complex electronically.

7. **READINESS TO EXIT THE DEMONSTRATION/VALIDATION PHASE:** Major reviews at key transition milestones are a principal management tool of the Department of Defense for new acquisitions, practiced by both the Services and the OSD. The Congress also recognizes these major review milestones by allocating funding into budget accounts comparable to the program's acquisition phase. The milestone reviews have been structured to provide acquisition managers with a measure of program status and progress. The effectiveness of these reviews has generally been diluted by the lack of objective quantitative measures of program status or progress.

a. The LH TEMP: The Light Helicopter (LHX) Test an Evaluation Master Plan (TEMP) is the documentation intended to instill discipline into the progress review process. The LHX TEMP lists 16 characteristics with descriptive thresholds to be accomplished at each milestone as evidence of readiness to proceed into the next scheduled phase of acquisition. These are listed below together with the thresholds to be achieved and demonstrated during Dem/Val Developmental Tests (DT). The same characteristics but with progressive thresholds apply at subsequent milestones.

b. TEMP Shortcomings: Even a cursory scan of these measures of milestone achievement discloses that many of the characteristics most highly touted to justify the program are not listed. These include signature reduction, empty weight, unit procurement and operating costs, RAM[8] criteria, and gun accuracy.

The TEMP contains much programatic data but few quantitative milestone thresholds. Separate annexes address live fire and software test issues, but the live fire annex fails to even mention lethality testing and the software annex discusses software test issues only in the abstract.

c. Successful completion of the DEM/Val Phase: Neither the TEMP or any other meaningful document provides an adequate set of objective criteria to measure whether the DEM/VAL Phase has been successfully completed. As is so frequently the case, the judgement will tend to be decided on arrival of a calendar date and expenditure of the allocated Dem/Val Phase resources.

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[8] Reliability, Availability, and Reliability (RAM)

8. **CONCLUSION**: It is my conclusion in this analysis that the LHX development as currently planned involves inordinate risks in attaining cost, schedule, and performance goals and that these three areas of risk are interrelated.

I thank the Committee for this opportunity to place these views before you and I sincerely hope that you will find them useful in your deliberations.

STATEMENT OF JAMES E. ROTTSOLK, PRESIDENT AND CHIEF EXECUTIVE OFFICER, TERA COMPUTER CO.

Mr. Chairman and Members of the Committee, thank you for permitting me this opportunity to appear before you to speak for the record on the subject of the fiscal year 1991 budget. The purpose of my testimony is to urge this committee's support for the High Performance Computing Initiative, presently pending before the Senate and the House, and to request that appropriations be made this year to the Department of Defense to enable it to begin the initial phases of this very important program. I will briefly summarize my remarks and request that the full text of my testimony be included in the record of these proceedings.

My name is James E. Rottsolk and I am President and CEO of Tera Computer Company located in Seattle, Washington. Tera, a new supercomputer company, was founded in 1987, and has been supported by the Defense Advanced Research Projects Agency since 1988. Our corporate mission is the development of the next generation supercomputer. Tera's first product will be capable of performing up to 300 gigaflops per second, more than 100 times faster than today's supercomputers. Our current research and development schedule anticipates completion of a prototype machine by 1992 and delivery of our first Tera machine in 1993.

This schedule is contingent on federal financial support. In fact, the very success or failure of our company, as well as that of other companies in our field, depends on continued support by DARPA and other federal agencies. Private dollars to support research and development in this high technology field are not abundant and those that are available must be leveraged by federal dollars. Given the fact that the U.S. government is the market for the newest and fastest supercomputers, support of this fragile industry with federal research funds and commitments to early purchases of new systems is wholly justified.

Mr. Chairman, you are most likely aware of the High Performance Computer Initiative. This program to support high speed computer development is a joint initiative by the Office of Science and Technology Policy and the Congress and is the culmination of ten years of multi-agency study. The National High Performance

Computing Technology Act is currently pending before the Senate and the House. We hope that this bill will be passed and its various programs implemented before the end of this Congress.

The Federal High Performance Computing Program has the best potential to strengthen our national competitive position both directly, in high speed computing, and indirectly in the new research, product development and manufacturing that are made possible by these fast computers. The Plan is a comprehensive and interdisciplinary program for federal action that will involve the participation of the National Science Foundation, the Department of Commerce (NIST, NOAA, and NTIA), NASA, the Department of Defense, the Department of Energy, the Department of Health and Human Services (NIH) and other federal agencies as appropriate. Although high speed computing is important to many of the programs of these agencies, I will address the remainder of my remarks to the importance of supercomputing capabilities to the Department of Defense mission.

The Department of Defense has relied upon high speed computers as both basic research tools and essential components in deployed systems for years. Weapons systems key to our national defense would not have been possible without the help of the newest and fastest supercomputer systems. The simulation capabilities of these systems have allowed us to design new generations of nuclear weapons with far fewer nuclear tests. These systems are essential to the missions of our intelligence agencies. The necessity of designing systems with low-detection characterisitics and developing technologies that ensure our surveillance capabilities under the sea and in the air require continual advances in high speed computing.

Closely related missions of other federal agencies, particularly those of the DOE laboratories and NASA, have similar requirements for supercomputers. Research problems remain which require much more capable and faster supercomputing. Among the grand challenges requiring faster supercomputers are global climactic modelling, the human genome project, the Superconducting Super Collider, lasar fusion research, aerospace vehicle design, oil and gas discovery, weather prediction, cell biology, drug design and a variety of fundamental physics and astronomy questions. For example, the enormous data which will be collected in new experiments with the Superconducting Super Collider will not be analyzable without the aid of high speed computing. Similarly, both the discovery of new oil and gas reserves and the efficient extraction of known reserves is enhanced dramatically by the use of supercomputing to analyze geological data and model reservoirs.

Supercomputing is an enabling technology which leads to greater industrial productivity. Without advances in high speed computing, continued scientific (and, consequently, economic) advancement will be hindered. Without a strong domestic supercomputer industry, U.S. projects will fail to meet their objectives, or will be dependent on foreign manufacturers to do so. Such a failure is not necessary if timely federal support of supercomputer research and development is available.

Mr. Chairman, I realize that legislation to authorize the National High Performance Computing Program is pending and is not yet law. However, I believe it is incumbent upon this committee to waste no time and to move forward with the appropriation of monies for fiscal year 1991. The American supercomputer industry stands on unsteady ground. We have already witnessed the closing of one supercomputer company and the schism of another. General purpose supercomputer manufacturers now consist of four companies: Cray Research Incorporated, and three new firms, Cray Computer Company, Supercomputer Systems, Incorporated, and Tera Computer Company. Time is short and the cost of a national failure in supercomputing is very high.

I hope that we can rely on your continued leadership in this field and on your continued dedication to maintaining the superiority of America's research capabilities. I thank you for your kind attention to my remarks and am happy to answer any questions you may have regarding this testimony or any other points that may be of interest to you and your committee.

STATEMENT OF STUART A. KLEIT, CHAIRMAN, NATIONAL KIDNEY AND UROLOGIC DISEASE ADVISORY BOARD

I am Stuart A. Kleit, D.D.S., M.D., associate dean for clinical affairs at the Indiana University School of Medicine and chairman of the National Kidney and Urologic Diseases Advisory Board.

The Board, as directed by Congress and the Secretary of Health and Human Services, has been working for the past 30 months to develop the first national long-range plan to combat kidney and urologic diseases. In these efforts, it was aided by more than 1,000 medical professionals, patients, and members of the public, all of whom took part as consultants, witnesses, or reviewers of our work. Now completed, the plan, entitled *Window on the 21st Century*, provides specific recommendations for the use and organization of national resources to address the problems revealed by our efforts. I am pleased to share highlights from the plan as well as our recommendation for the Department of Defense with you. The entire document and executive summary have been provided to your subcommittee.

The plan's recommendations for the next decade are based on the Board's study of the magnitude of kidney and urologic diseases and their causes and consequences. To obtain the information necessary to produce the plan, the Board held public hearings in spring 1988 in Los Angeles, Dallas, Atlanta, Boston, New York, and Chicago as well as a public briefing meeting in Chicago in March 1989. Research background papers were submitted to the Board by expert scientists to assist us in formulating strategies to shape future progress toward the conquest of these diseases. In addition, numerous individuals from diverse institutions across the country offered their invaluable expertise to assist with the development of the plan.

THE BURDEN OF KIDNEY AND UROLOGIC DISEASES

Although the Board initially had a general appreciation of the burden of kidney and urologic diseases on society, the public testimony presented and the other information gathered brought into sharp focus the profound hardships these diseases impose. The extent of pain, suffering, loss of time from work, disruption of the family unit, and death resulting from kidney and urologic diseases was far greater than the Board members previously had envisioned.

The data we obtained on the incidence, prevalence, and cost of kidney and urologic diseases revealed that there are hundreds of kidney and urologic diseases that affect approximately 13 million Americans of all ages--from the newborn to the elderly. The financial burden of kidney and urologic diseases is staggering--an estimated $50 billion, or more than 8 percent of the total spent on all diseases. These expenses are borne by patients, their families, and Federal and state governments. In addition, loss of productivity is an important but often overlooked cost of kidney and urologic diseases. Time is lost from work for physician visits, hospitalizations, and treatments and because of disability; future earnings are lost when productive members of society die prematurely from these diseases.

Unfortunately, as the population of the United States expands--particularly the 65-and-older segment and minority groups--the cost of kidney and urologic diseases is projected to increase dramatically.

THE DEPARTMENT OF DEFENSE

The National Kidney and Urologic Diseases Advisory Board's interest in the Department of Defense stems from the Department's role in providing active duty and retired military personnel with kidney and urologic diseases health care. For example, the majority of males serving in the military are 18-35 years of age, an age group that also suffers the highest rates of testicular cancer. Service-related traumas to the genitourinary tract also occur among military personnel.

The Department of Defense also plays a critical role in providing health care to retired military personnel. The elderly population, ages 65 and older, suffer a disproportionate share of kidney and urologic diseases. For example, urinary incontinence affects 13 percent of those individuals over 75 years of age; prostate cancer affects 30 percent of American men and is the most commonly diagnosed cancer in U.S. males over 65; benign prostatic hyperplasia - the enlargement of the prostate gland as men age -- can eventually destroy normal bladder function, resulting in severe infections of the urinary tract and ultimately, permanent kidney failure.

Although some urology research is conducted in Department of Defense hospitals, there is little nephrology research. The Armed Forces Institute of Pathology conducts some research into urologic tumors and kidney disease, and some nephrology research is conducted at the Walter Reed Hospital and the Walter Reed Army Institute of Research.

Based on the medical conditions encountered in the military service and the opportunity their treatment provides for kidney and urologic diseases research, the Board recommends that:

> **Congress appropriate an additional $4 million per year to the Department of Defense to expand research support in the areas of trauma and infections of the kidneys and genitourinary organs, acute renal failure, and certain genitourinary neoplasms that are encountered in military medical services.**

Utilizing the resources of the military, other governmental agencies, and the private sector, DOD should also develop interservice and intraservice cooperative projects in research into kidney and urologic diseases. The Department should also collaborate with the National Institutes of Health and other Federal agencies when appropriate. Finally, the Board urges full development of clinical pathological research and training capabilities of DOD medical centers.

The National Kidney and Urologic Diseases Advisory Board 1990 Long-Range Plan: Window on the 21st Century provides for the first time a 10-year plan that can move the United States closer to the goal of conquering kidney and urologic diseases. The Board hopes that the recommendations in the long-range plan will be embraced by those who are affected by, as well as those who can have an effect on, the course of these diseases.

STATEMENT OF SAMUEL H. MAGILL, PRESIDENT, MONMOUTH COLLEGE

Mr. Chairman and Members of the Committee:

My name is Samuel H. Magill and I am President of Monmouth College in West Long Branch, New Jersey. Thank you for the opportunity to submit this testimony for the record, which will focus on the Monmouth College School of Information Sciences and Technology, a vital resource for our nation's high technology defense.

Monmouth College strongly supports Department of Defense Secretary Richard B. Cheney's Fiscal Year 1991 professional judgment recommendation for the Department of Defense of $295.1 billion and the Secretary of the Army Michael P.W. Stone's Fiscal Year 1991 professional judgment recommendation for the Army of $75.8 billion.

By way of background, since it's founding in 1933 as a two-year institution, Monmouth has grown to become a highly respected college with a broad range of undergraduate and graduate programs. Today, Monmouth is a center for higher learning, research, and community service for New Jersey and the Middle Atlantic States. Approximately 3,200 undergraduate and 1,100 graduate students enroll in 1,200 course offerings in the liberal arts and professional curricula. Some 15,000 Monmouth alumni are making important contributions in their communities, companies, and professions.

Throughout the decade of the 1980's Monmouth has made great use of its freedom to innovate by developing new programs and revising the basic curriculum of the College. In many ways, Monmouth has grown to be a small university with all the advantages of a college. It is a university in the variety, diversity, and richness of its academic programs. Unlike many larger, more impersonal institutions, however, Monmouth retains the advantages of a college in terms of the attention given to the individual needs of students. Our dedicated, involved faculty make teaching excellence their first priority. The ratio of 15 students to one professor ensures small classes with personal interaction. At Monmouth, the student remains the centerpiece.

High Technology and the Mission of Monmouth College

In 1983 Monmouth developed and published its first strategic plan, "Strategies for the Eighties -- Goals for the Year 2000." This document, with subsequent revisions, proceeds from a realistic set of assumptions about the demographic trends affecting higher education, a careful examination of the strengths and weaknesses of the College, an acknowledgment of the geographical imperative facing Monmouth, and a collective vision about what kind of institution Monmouth College will become. It outlines the goals and objectives of the College and the steps to be taken to achieve them.

Two important themes run throughout the Strategic Plan. The first is the commitment of the College to serving the surrounding region. As the only senior institution of higher education in the central shore area, Monmouth has always had a special responsibility. Even as the College progresses toward its goal of becoming an institution recognized throughout the Middle Atlantic Region for its academic quality, its first responsibility is to the county and state in which it resides.

A second theme is the importance of high technology to the fulfillment of the mission of the College. The Strategic Plan recognizes that high technology will be one of the most important areas for study in the coming decades. The Plan outlines ways in which the College will enhance its programs in the information sciences and will use computer-aided methods to improve teaching and administration of the College.

These two themes are inextricably entwined. As the information sciences become more important to the area, providing education in these fields becomes a larger part of the College's service to the region. Similarly, as the region becomes more important to the development of the information sciences throughout the state and nation, the work of the College in these fields becomes more important to our quest for educational excellence.

The Importance of High Technology in the Monmouth Region

The Monmouth/Ocean region of New Jersey is particularly important to the future of high technology in the state of New Jersey and the nation. A study by the Monmouth County Planning Board revealed 211 high technology companies in the County. Monmouth ranks 17th, out of the 3,100 counties in the nation, in the number of computer programming and data processing firms. This concentration reflects, in part, the influence of the U.S. Army Communications and Electronics Command (CECOM) at Fort Monmouth, which has become a focal point for high technology research and development and industry.

The importance of the region in these fields is expected to grow. A study by a national real estate brokerage firm lists the Monmouth/Ocean area as one of the top 25 areas nationwide for growth in the information sciences and technology.

The large and growing role of high technology in this area, reinforces the crucial relationship between the College's programs in the information sciences and its service to the region.

The Information Sciences at Monmouth College

Monmouth College is the only institution of higher education in this region offering both baccalaureate and masters degrees, and the only one with extensive programs in the information sciences. As such, it is the only center in the geographical area for instruction, research and college/industry collaboration in these fields.

Monmouth College prepared for its large and growing role in March of 1989 when it reorganized the academic programs in the high technology fields to create the School of Information Sciences and Technology. The School is comprised of the

Departments of Computer Science, Electronic Engineering, and Mathematics, and the graduate program in Software Engineering, one of only a dozen such programs in the country.

The School of Information Sciences and Technology has a full-time faculty of 28. Some 300 students are majoring in departments of the School. In 1985 the departments now included in the School provided 4,290 enrollment credit hours of instruction. This year that number has grown to over 4,500. By 1995 we estimate that this number will climb to 4,875.

The research efforts of the School also are growing. In the Computer Science department professors are actively pursuing a sublanguage approach to Japanese-English machine translation (under a National Science Foundation grant), identification and cataloging of software development tools, computer simulation and modeling, and computer graphic design. Professors within the department of Electronic Engineering are conducting research on computer imaging and data compression (under a grant from AT&T) and neural networks. In the Master of Science in Software Engineering program the professors are engaged in research on formal software specifications, C++ and object oriented programming, simulation and modeling of computer systems, and integrated software environments.

Monmouth College and Defense Electronics

An important part of the high technology work of the College, both in terms of instruction and research, is its work in defense electronics.

There are at least four major ways in which Monmouth College and the U.S. Army Communications and Electronics Command (CECOM) at Fort Monmouth interact. First, Monmouth provides graduate education in software engineering to military personnel from the Fort. Through a special, one-year U.S. Army internship training program in Software Engineering the critical need for military expertise in this area is met. (Indeed, Monmouth's Software Engineering program was developed, in part, as a response to this need.) Classes and laboratory work for this program take place on the Monmouth College campus.

Second, the College provides on-base courses at Fort Monmouth in a wide variety of graduate and undergraduate programs. This service provides military personnel at the Fort with unparalleled opportunities to acquire additional education.

Third, Monmouth College has a contract to work with the Fort is developing a prototype for machine translation of natural language algorithms. The project director is Professor Michiko Kosaka of our Computer Science Department, already recognized by the National Science Foundation as a leading researcher in the field of machine translation.

Of greatest importance, Monmouth College is involved in the Battlefield Information System (BIS-2015) project, developing an integrated military communications system for the future. Currently the Army uses separate communications networks for Command and Control (C2), Communication (COMM), and Intelligence and Electronic Warfare (IEW). The demands on all of these systems, and therefore the need for systems interface, are increasing dramatically. The result is the BIS-2015 project, now in the preliminary stage, which will determine the shape of military communications for the twenty-first century. The BIS-2015 project will lay the groundwork for the "system-of-systems" needed to meet the need for information collection, management, and distribution as well as denial of information to the enemy. It will make full use of emerging technologies to counter military threats as they will exist.

The expanding College role in high technology defense requires continued investment in the relevant programs of the College.

Investment in the Future

The School of Information Sciences and Technology is preparing to meet the demand for its programs and assure New Jersey's continued success in the information age. The School is engaged in a comprehensive effort to enhance the information science programs. The important elements of this program are:

- Improving undergraduate education through curriculum redesign and enhancement, and faculty development;
- Continuing development of graduate programs, including the Software Engineering program;
- Providing the facilities and incentives to stimulate individual faculty research; and
- Encouraging joint College/industry research and consulting.

Keeping abreast of the state of the art is critical in any science but particularly so in the information sciences. To assure that its programs continue to provide students with the best possible education, the School of Information Sciences and Technology continuously upgrades its course offerings. For example, the School currently is developing new courses in Optical Fiber Communications, Robotics, Computer Communications Security, and Computer Aided Design.

Undergraduate courses in all our programs are continuously being upgraded. New topics and research elements will be introduced in many undergraduate courses in the next two years including: Engineering Electronics, Microprocessor System Design, and Computer Operating Systems. In the same time frame, the graduate offerings also will be enhanced, including those in Neural Networks, Computer Networks, Microcomputer Design, Computer Modeling, Compiler Design, and Software Process Quality.

The School is developing the human and physical resources to support these enhancements. New faculty have been hired. Faculty development opportunities have been increased. A program to bring visiting research professors onto campus has been successfully implemented this year.

Planning is underway for a $3,442,000 renovation of a general purpose academic building to establish a facility for the School. This facility will be the home for instruction and research in the information sciences, the associated computer and support operations, and a center for College/industry collaboration and consulting. The state of New Jersey has already committed $1.2 million from the Jobs, Science and Technology Bond Issue to this project. Companies working in high technology fields have provided over $1,000,000 in scientific equipment for the facility.

Conclusion

The strides which we are now taking to realize these plans will assure that the School of Information Sciences and Technology remains a vital resource for our nation's high technology defense systems. The College looks forward to a growing productive relationship with CECOM at Fort Monmouth and the Department of Defense.

Mr. Chairman, thank you again for giving Monmouth College the opportunity to share its views with the Committee. I would be pleased to answer any questions you may have.

SUBCOMMITTEE RECESS

Senator INOUYE. Our next hearing will be held on June 7. At that time, we will hear from the Commander in Chief of Europe, CINCEUR.

We stand in recess.

[Whereupon, at 12:25 p.m., Thursday, May 24, the subcommittee was recessed, to reconvene subject to the call of the Chair.]

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